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How to Keep Farm Accounts

A PRACTICAL BOOK
FOR THE
PRACTICAL FARMER



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How to Keep Farm Accounts

A practical book for
the practical farmer

By
H. L. STEINER

“WELL, my Friend, thou art now just entering the last month of another year. If thou art a Man of Business, and of prudent Care, belike thou wilt now settle thy Accounts, to satisfy thyself whether thou hast gained or lost in the Year past, and how much of either, the better to regulate thy future Industry or thy common Expenses.”

POOR RICHARD'S ALMANACK

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By H. L. STEINER

This book is dedicated to
the every-day farmer—the
“master-wheel” of prosperity

P R E F A C E



A GREAT deal has been said about the need of a simple system of accounts for the Farmstead—something possible on the average farm every day of the year—one relieved of useless detail, and still show its earnings and expenses—its owner's assets and liabilities. Taking the conditions which govern actual work on the farm into consideration, nothing specific has yet been published for the practical farmer, and it is for him this book has been written. It is elementary because many have had no opportunity to study bookkeeping, therefore the man who knows nothing about it has been kept in sight from cover to cover.

The illustration given is introduced to show the application of the fundamental principles of accounting to the every-day routine of general farming. No special sets for stock, dairy or fruit farms is thought necessary because the principles of accounts are unchangeable and only vary in their application. All the farmer, dairyman, fruit-grower or stockman really needs to fully understand the principles when no trouble will be experienced in arranging a system of accounts to suit his wants, which will vary to a certain extent on every farm and with each individual.

Bookkeeping is simply a matter of record and to do it correctly only requires that the principles of debit and credit be understood. It is necessary on many farms and useful on all. The question ought not to be, shall we keep some simple set of books, but what form is the most practical? If this book will help you, its object will have been fulfilled.

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Part One

“I would not impose on a busy farmer the keeping of an elaborate set of books, but some simple form of accounts will be a great aid in successful farming.”

James Wilson, Secretary of Agriculture.

FOREWORD

1. The farmer who works all day under a blazing sun, naturally looks upon the keeping of accounts from a different viewpoint than other men in business for themselves. For besides the long hours, rush-of-work and scarcity of help during the busy days from seedtime till harvest, he has the natural aversion to writing and detail common to all who do active physical labor. Therefore, it's not a matter of surprise when we think of the conditions under which the American farmer must labor, that, although he has over twenty billions of dollars invested in his business, he usually leaves the accounting of it for later consideration, with the result that a record is seldom, if ever attempted of his farmstead's earnings and expenses.

Admitting the value of bookkeeping on the farm, the first question that comes to the mind of the practical farmer is: "What is the best way to keep my accounts."

2. THE ESSENTIALS OF FARM ACCOUNTS.—In farm accounting there are two essentials which ought always be kept in mind. These are accuracy and simplicity. That all bookkeeping must be accurate goes without saying, and that farm accounts should be simple and free from detail is apparent to any one at all familiar with actual every-day farm conditions.

3. THE BOOKS OF RECORD.—The uses of modern commerce demand that the books of record suit the business in which they are used. In the great mercantile and industrial organizations, it is often economy of time to have many books of record but not so on the farm. Here, the less detail and fewer books of record the better, hence, the method described and illustrated in the following pages makes use of but one book.

It's a common saying that no two men keep their books alike. But the difference if any, comes from the individual, his business and the details necessary to be shown. The matter that goes into the Farm Ledger will depend on the farmer himself. It will be much or little as he may decide. However, let him beware lest his books begun in the flood tide of enthusiasm, when work is slack and evenings long, be not too full of unimportant detail. They are then almost sure to be neglected when the busy days come later on. It is much better to begin a simple account and keep it accurately than to attempt too much. Think of your busiest days, not those in which you have the least to do.

4. THE COST OF PRODUCTION.—Notwithstanding the farmstead with its full complement of live-stock, implements and buildings can be likened to a "plant" of the manufacturer, and although the farm is a factory to all intents and purposes, it is questionable whether the practice of cost or departmental accounting is practical on the average farm. On this point there may be a difference of opinion, but on the average farm one who would attempt to keep an accurate account with either fields, crops or kinds of stock would have his hands so full during the busy season, that, nine times out of ten, the accounts would be neglected and thought too troublesome to continue. For this reason, most farmers should treat their accounts with the farm as a whole—rather than to open an account with each field, with their hogs, their sheep, their cattle, etc. It is true that accurate cost-accounting is a necessity in the factory. The manufacturer must know what it costs to make and put his products on the market, but is it so all-important to the farmer? In nearly every rotation there are certain crops necessary to keep up the farm fertility that can't be accurately set down in figures. The results from the farmstead as a whole, eventually, is of the most importance. And the practical farmer, if he cares to know, can take his pencil, and come as near as is necessary to figuring the cost of growing an acre of corn, or what his cattle or sheep net him. Therefore, don't draw the lines so fine in actual practice that your resolve to keep accounts will have died "a bornin';" but remember, that the cost of production of farm products depends so much on the elements

over which you have no control, and that the details are so many if you would have them accurate, that it is altogether best not to attempt it. It is true, you have seen every now and then in the agricultural press, articles regarding the cost of producing a pound of pork, beef or mutton, and what it costs to grow the different grains and grasses. Now, however useful the exact cost may be, the farmer or stockman who would attempt to keep such an account with each crop, and the different kinds of live-stock he would raise, will find it all but an impossible task. Manufacturers who deal only with dead things can easily keep exact cost accounts, but living and growing things possess an individuality that varies with the season, with the feeder, and depend on conditions which do not admit of hard and fast rules. Recently in *The Breeder's Gazette*, the author of a standard work on "Feeding" had this to say concerning it: "Feeding has been frequently referred to as a science but it is far from being an exact science. It is still in the empirical state of experimentation. No other vocation of man more thoroughly illustrates the aphorism that a little learning is a dangerous thing. As the result of a single experiment we find formulas laid down with all the dictum of authority, and the great army of feeders commanded to "about face," and the very next experiment under similar conditions gives opposite results. Do you know that after fifteen years, during which the Government has expended \$225,000 as a minimum, it is impossible to tell the cost in corn of a pound of pork? "The more I learn the more I know I don't know."

For practical purposes, a "Production" account showing the gross sales less the items which go to make up the general expense of the farmstead as shown by the Loss and Gain account in the illustration herein (Plates 90 and 91) will be all that is needed. Much more satisfaction and real benefit will be found in a simple set of accounts accurately kept, than to attempt one burdensome with detail, and then at the end of the year find it to be of no value whatever. Far better to keep an account with the farmstead as a whole than to begin the detail of departmental accounting. The one is perfectly reasonable, and requires but little time. The other impractical and impossible to all but the very, very few on the average farm.

5. THE HOUSEHOLD ACCOUNTS.—Now, about the Household Accounts. Are there any reasons why they should be included in the farm ledger? Have you ever known a banker, merchant or manufacturer to include them in the books of his business? Couldn't he, with as much reason for so doing, include them in his books as you in yours? Some argue, that on the farm the household expenses are so closely related to the farmstead's earnings that they must be included. Very true as far as it goes, but they have no place in the farm ledger. Elaborate accounts have been shown in which the "Garden Account" was charged for all labor, seed and other expenses and credited with the different vegetables used from time to time at the market price. Do not do this nor allow any more detail to creep into your books of record than will be of use to you. If you think about this a little you will not want to. As for "Garden" or household accounts, remember that when you hire a man by the year for a certain sum, you allow him in addition to the amount agreed on—pasture for cow and a garden or truck patch. You figure his labor worth the wages you pay him plus the pasture and use of the small plot of ground for his garden. And this is the best plan for yourself too. The live-stock, implements and buildings are a part of the farmstead's equipment. These, together with the farm, enable you to produce a profit from your labor and management. And for this the farm owes you something each year. You may never have figured on this but if you are going to begin an account with your farm, you should open a "Personal" account and charge yourself with all money you take from its earnings for personal or household use. At the end of the year you should charge the "Labor" account for whatever amount you think you've earned, making your wages large enough to fully meet all expenses for clothing, groceries, church, education, relaxation and all other necessities to which your family is entitled. Whatever you decide that you and your family can get along with—charge to your "Personal" account and keep the detail of household accounts out of the farm ledger. If you do this, the same as any other business man would do, your bookkeeping will be much more simple and satisfactory in every way.

6. THE POULTRY ACCOUNT.—On most farms, unless Poultry is made a specialty, the proceeds is considered the wife's to do with as she sees fit. Sometimes she trades the eggs out at the "store" for different little things needed round about the house, and sometimes she takes the cash, but, generally, whatever is derived from this source is considered hers to do with as she pleases. For that reason Poultry is not included in the inventory of the illustration given in the following pages. But if the owner of a farm decides to have an account with "Poultry" he should include it in his inventory, in which case he would have to credit the "Production" account with all proceeds from the poultry—that is treat it as he would his hogs, sheep or cattle.

7. THE INVENTORY.—What has been said about it being necessary to include the Poultry in the inventory, if it is decided to have an account with it represented in the ledger, brings to mind the importance of the inventory. If you have read Prof. Henry's "Feeds and Feeding" you know how much importance he places on the old maxim that "The eye of the master fattens his cattle." Now, in accounting never forget the importance of the inventory. An inventory is the first thing to take before any books can be opened, and it is the first thing to take before they can be closed. It is one of the most important steps in accounting, but even as important as it is, so many business men neglect it, leaving it to subordinates who do not fully realize how vital it is to the success of the business, that fully 95 per cent. of the failures in business can be traced directly to this carelessness or ignorance. By all means take your inventory yourself and carefully. Get ready for it so that when the day comes you can take it without trouble or guess work. Remember that everything should be included in the Inventory that is used in the maintainance of your farmstead or to increase its products. And further, that the value of each implement, all live-stock, feed and products on hand at the time it is taken should be honestly set down. Make the values just what you could get in the open market for all except the implements, and on these deduct a certain percentage each year for "wear and tear" from the prices paid. Some manufacturers deduct ten per cent., but generally this is too much for farm machin-

ery that has had good care. It often happens that the old you have will do as good or better work than the newer. You see it depends altogether on the "eye of the master," for

*"He who by the Plough would thrive
Must either hold himself or drive."*

8. THE FILING OF BUSINESS PAPERS.—And when you are taking your inventory, some of the prices paid for the different implements, for the harness or for some one of the many things about the farm may have been forgotten. How are you to know and get at the correct cost in such cases? Let "a place for everything and everything in place" be your rule when handling business paper and correspondence. If this is practiced you would only have to turn to your letter file and find the original cost of any implement or the price paid for all feed instantly. A transfer case with index can be bought at any stationers, at from 20 to 40 cents. In it can be filed for instant reference, all letters, receipts, expense bills (freight receipts) Bills of Lading, cancelled checks, cancelled notes and all other paper worth keeping for future contingencies. Begin to file all papers that pertain to the business of your farmstead. Put everything in black and white. Don't depend on memory or verbal contracts "for verbal contracts feed the courts" and one of you may die. Keep your ledger right up to date, and if the inevitable comes, as it must come some day, your family will not be "between the devil and deep blue sea" but can take hold of your temporal accounts understandingly and conduct the farm and settle your business affairs without litigation or expense.

9. "WHAT ABOUT TRANSACTIONS THAT OCCUR WHEN I'M NOT AT HOME?"—As explained in paragraph 6 the book upon which a transaction is first recorded is the one to be produced in evidence in cases of litigation. For this reason it is good business practice to enter all transactions in the one book you keep as a Ledger. As the transactions are not many any one month, by leaving four pages for each month's Cash Account, or forty-eight pages for the year, enough space will be left for all transactions which are necessary to enter during the absence of the owner, or whoever may take care of the books. If pages nine

and ten are used for the April cash, eleven and twelve will be set aside for memoranda which ought to include all events worth putting on record. By this method if you were not at home and John Jones got a load of hay, those in charge in your absence would turn to the memoranda page for whatever month it happened to be and write, if in April, on page eleven: "John Jones, Hay 2640 lbs." On your return, you would naturally turn to the books and finding this entry, write it on the Cash Account proper for that day and month as it should be, according to whether it was a cash or time transaction.

10. RED INK IN THE LEDGER.—Books, of course, can be kept as accurately without the use of red ink rulings and entries to balance accounts as they can with them, and many bookkeepers claim its use should be relegated to that chapter in the ancient history of accounting when all cash transactions were journalized. But most bookkeepers continue to use it and the illustration given herein makes use of it. A word or two as to what these red ink entries mean will not be out of place.

First turn to the Cash Account for April (plate 9). Footing up the entries in black, we find the debit side amounts to \$425.00 more than the credit side, that is, we have \$425.00 on hand. Being the end of the month and wishing to close the account to make it balance we write on the credit side, in red ink, "Balance \$425.00 (See item eg.)" When we write this, we really agree to enter, as soon as the account is ruled and closed, on the debit or opposite side, the amount we have on hand in black ink. Compare item eg on plate 9 with item da on plate 12 and you will see just what is meant. You will also note that this occurs every time we balance the Cash Account, whether daily, weekly or monthly.

If you will now turn to the Ledger accounts you will see that the red ink entries made there to balance, carry forward or close an account at the end of the year never affect its balance because you agree when you balance, carry forward or close an account, that you will bring down or carry forward all red ink entries to the opposite side of the Ledger in black ink. Hence, the balance of the Ledger is not changed, the red ink simply serving to show that such an account has been balanced, carried for-

ward or closed as we have agreed to do as indicated by the entry in red.

If you refer to Plate 60 you will see we agree to credit Fox with his "Present Worth" at the time the books are closed. (See entry in black ink of \$12,703.60 on Plate 61.)

Therefore, all red ink entries are either brought down or carried forward to the opposite of the Ledger in black ink.

11. WHEN SHALL THE FARMER BEGIN OR OPEN HIS LEDGER?—It is customary among merchants and manufacturers to close their books at least once a year, and it is understood by them that the first of the year, as far as the records of the business are concerned, is at the time the books are closed. In commercial pursuits, January 1st is usually selected, but on the farm, this must be considered whether it isn't best to select a time when the live-stock and other products are at their minimum? For instance, among farmers generally in the northern half of the United States the first of March or April finds most of them with less stock and produce on hand than at any other time of the year, and the active labor of putting in the oats, barley and other spring crops barely begun. Any date will do, and the farmer must decide for himself what time of the year suits his location, rotation and farm management best.

Part Two

PRINCIPLES AND DEFINITIONS

12. PRINCIPLES AND DEFINITIONS. At the beginning of every business, except farming, some system of accounting from which its owner can form an estimate of its development at any time, is thought absolutely necessary. In farming it is the last. And, although the keeping of accounts must always be incidental to the business itself, because it results from it, yet it is such an important essential in securing the greatest profit from the farm that every farmer should keep an account with his farmstead, if ambitious to obtain the most profitable returns from his management. For after all, profit is the incentive to all business activity. This is just as true on the farm as it is in any branch of commerce or manufacturing. It's the profit we think of that spurs us on to grow better grain, or fruit, or to raise finer stock than our neighbors. And then when we've sold the stock we've raised and the grain or fruit we've grown and have pocketed the proceeds, we've completed a business exchange or transaction that ought to be put on record, the recording of which is nothing more or less than bookkeeping, hence:

13. BOOKKEEPING is the art of recording business transactions distinctly and systematically so as to show the money received, disposed of and on hand, the credits given, and the assets, liabilities, and general status of the business, person or firm. There are two methods of keeping books known as *Single* and *Double-entry*.

14. IN SINGLE ENTRY there is but one debit or one credit to a transaction, and only personal accounts carried to the Ledger. It is therefore imperfect and incomplete and never used in modern business, because accounting that isn't accurate is worse than none at all. *Single-entry* affords hardly half-a-loaf at best, but

15. DOUBLE ENTRY BOOKKEEPING furnishes a complete business record in which every transaction is made to appear on the Ledger as both debtor and creditor by observance of the governing principles, that, in every instance the thing obtained is debtor to the thing given, and the thing given is creditor of the thing obtained, by means of which a correct Ledger balance is always at command. In simple English it means that, for every debit there must be a corresponding credit, and vice-versa. That's the whole thing in a nutshell, and it is by using this principle for a foundation that the entire structure of accounts is built.

16. ESSENTIAL BOOKS OF RECORD.—In double-entry, the Journal, Cash Book and Ledger are the principal books, although other books known as Auxiliary books are added for convenience. Nowadays the Cash Book and Ledger are the principal books and it is perhaps advisable to have a separate book for each on farms extensive enough to require the services of a bookkeeper, but for all farmers who must keep their own books, the system shown in the pages which follow is the most simple and convenient.

17. Books of Original Entry are those upon which the transaction is first recorded. In case of litigation the book of original entry, whatever that book may be, is the one required to be produced in evidence.

18. THE LEDGER is the book of accounts, and contains a final summing up of all the accounts.

19. THE JOURNAL OR DAY BOOK.—Formerly this book was used to enter all transactions as they occurred from day to day. Nowadays the best bookkeeping is that which tells every detail with the least minutia, and the tendency of the times is to reduce the number of books and entries as much as possible, hence, the Journal or Day Book is seldom used, the Cash Book answering every purpose.

20. THE CASH BOOK is the book used to detail the cash transactions and should always be a book of original entry. On the farm it should answer the purpose, and take the place of the

Day Book or Journal. Then by combining it with the Ledger, as explained later on, the farmer will have to keep but one book of record which will appeal to all practical men. One volume a year—the original book of entry and Ledger, one and the same. In cases of dispute or litigation, if called upon to act as Guardian or Administrator, if ever under any circumstances called upon to produce the book in court, every transaction is there convenient and complete.

21. ACCOUNT.—An account is a recorded statement of debits and credits, of receipts and expenditures, or of business transactions, and are of three kinds, Real, Representative and Personal.

22. REAL ACCOUNTS are those which show either a resource or a liability in continuous record, such as cash, notes and personal accounts.

23. REPRESENTATIVE ACCOUNTS are those which show the earning activities of a business, such as interest, discount, expense and property.

24. PERSONAL ACCOUNTS are those opened with persons who from time to time become indebted to us or we to them.

25. LAWS OF DEBIT AND CREDIT.—As explained in defining double entry Bookkeeping, every transaction is made to appear in the Ledger as both Debtor and Creditor, hence every account is affected in two ways—by debits and credits. From this you will understand every account has two sides, the Debit and the Credit. The principles which govern them are unchangeable and are as follows:

DEBIT SIDE	ACCOUNT	CREDIT SIDE
On this side we enter what comes into the business or what costs value.		On this side we enter what goes out of the business or what produces value.

Therefore, you should memorize the following:

Always debit what we receive and who or what costs us value.	Always credit what we give and who or what produces value.
--	--

You must thoroughly understand that every transaction that can possibly occur is governed in a bookkeeping sense by one or the other of the two principles given above.

Part Three

*“Let us forge out a system that will
meet our requirements as producers
and suit our conditions.”—Wilson.*

THE FARM LEDGER

26. A modern system of accounting is one that automatically furnishes statistics of a business in such form as to be readily referred to by the owner, and furnish him a safe guide for its management along prosperous lines. On a farm the books should be so kept that all questions regarding either the finances of the farmstead or its owner can be answered without looking up data in ancient files or other books of record than the Ledger. As for the Ledger, there are nearly as many kinds of rulings nowadays as there are businesses. This results from a desire to harmonize the books with the business, and when attained, insures accuracy and a great saving of labor. The farmer should adapt his bookkeeping to suit his conditions, and the best system for him is one that differs from the usual method by dispensing with separate Day Book and Cash Book, using one book only—the Ledger—which, if rightly kept, will answer every purpose.

27. SIZE OF LEDGER.—All that is required is one large enough to admit of opening all the accounts necessary to properly care for the rotation followed on the farmstead. It is best to use one book each year. It is much handier when wanting to refer to the records of any former year or when comparing one year with another.

28. RULING.—It should have the regular single entry ruling, of which the following is an example:

MONTH	DAY	EXPLANATION OF COLUMN	PAGE OF CASH BOOK OR LEDGER	DOLLARS	CENTS

Blank books ruled like the above can be bought at most stores in every village, the cost running from seventy-five cents up, according to size, quality of paper and binding.

29. INDEX.—These books are made with and without indexes; but when used as a book of record on the farm they should have the index. Then it can't be lost or mislaid and is always at hand, ready for use.

30. THE ARRANGEMENT OF ACCOUNTS.—It is always advisable in classifying the accounts for the average farm, that the first six pages be left for the annual inventory. Then an allowance of forty-eight pages for the Cash account for the twelve months. This allowance of forty-eight pages for the Cash account during the year insures enough space to write any memoranda during the month, which may be worth noting in permanent form, that is, if pages nine and ten are used for the June Cash, pages eleven and twelve would be left blank for memoranda and the July Cash entered on pages thirteen and fourteen, and so on. Then a few pages should be set apart to record the mating and date of birth of all live-stock and this should be indexed the same as any account in the Ledger so that it may be quickly found.

31. These few pages should be all that is necessary on most farms, but if the breeding and sale of pure-bred stock of any kind is made a specialty, it is altogether better to use a record made on purpose for breeders. The balance of the pages in the Ledger should be divided to suit the accounts one has or may wish to keep, except, that not less than ten pages should be left at the end of the book for a recapitulation or annual statement of the farmstead's earnings and expenses for the year.

32. Using the above for a basis the pages necessary, would on most farms be about 100 but the size of the Ledger used must of course be governed by the size of the farm and the accounts one would wish to open.

Part Four

*“ Illustration is the basis of successful
teaching.”—Horace Mann.*

THE ILLUSTRATION

33. To better illustrate how the books are first opened or begun, let us imagine some person, say one John Fox, wishes to begin a simple set of accounts with his farmstead. Having decided on this, the first thing he must do is to take an inventory and an

34. **INVENTORY** on the farm should be an itemized list of everything used to increase its profits or maintain it. It must include all Live-stock, Feed, Implements, and all products on hand, such as Wheat, Corn, Barley, Rye, Hay, Potatoes, etc., etc., with the quantity and number of each figured at the market price the day it is taken.

This Fox takes and as he has no time for "fuss and feathers" and doesn't want to open a separate account for each product, he includes under the head of "Production" all his live-stock and the produce grown by him. (Refer to 155.)

Under Feed, he enters only that which he has bought, such as Bran, Middlings, Oats, etc. Had he grown the Oats he would have to enter it under "Production" but whatever he buys to feed must be inventoried as "Feed" and at the prices paid for it.

The inventory having been taken we give it in full as follows:

35.—Inventory of Clovermead Farm, March 31, 1901.

PRODUCTION.

Bay Team Jack and Jim.....	\$ 160.00
Bay Mare Queen.....	75.00
Black Mare Bess.....	60.00
Chestnut Mare June.....	175.00
Two Cows at \$35.00.....	70.00
20 Stock Hogs at \$5.00.....	100.00
15 Poland China Sows at \$12.....	180.00
1 Berkshire Boar.....	35.00
100 Shropshire Ewes at \$4.00....	400.00
1 Shropshire Ram.....	50.00
1 Shropshire Ram.....	30.00
1 Shropshire Ram.....	20.00
913 bushels Corn at 35¢.....	319.55
9 bushels Potatoes at 30¢.....	2.70
11½ tons Clover Hay at \$6.00....	69.00
87 bushels Seed Corn at 60¢.....	52.20

\$1,368.45

FEED.

75 lbs. Linseed Meal at \$24.00...\$	1.80
½ ton Bran at \$15.00.....	7.50
¾ ton Middlings at \$19.00.....	14.25
27 bushels Oats at 32¢.....	8.84
	\$ 25.89

IMPLEMENTS.

One Wagon	\$ 60.00
One Farmers' Handy Wagon..	30.00
One Surrey	120.00
One Buggy	80.00
One Spring Tooth Harrow.....	14.00
Amount up.....	\$ 313.00

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Brought up.....	\$ 313.00	Less 25% discount for "wear and tear" of five years' use....	181.00
One Adjustable Harrow.....	12.00		\$ 549.00
One Roller.....	10.00		
Two Plows at \$15.00.....	30.00	One Binder.....	\$ 100.00
One Cultivator, "Planet Jr"....	40.00	One Corn Harvester.....	100.00
One Weeder.....	12.00		\$ 200.00
One Corn Planter.....	27.00	Less 5% for one year's depre- ciation.....	10.00
One Grain Drill.....	75.00		\$ 190.00
One Mower.....	40.00		
One Canoon Seeder.....	3.00		
One Tedder.....	22.00		
One Corn Shelter.....	5.00		
One Hay Rake.....	20.00		
One Hay & Stock Rack.....	12.00		
Two Sets Harness at \$36.00....	72.00		
One Set Light Harness.....	20.00		
Also Axes, Forks, Log Chains, Three Horse Eveners, Wheel- barrow, and other miscellan- eous tools about the place....	10.00		
	<u>\$ 732.00</u>		

RECAPITULATION.

Production.....	\$1308.45
Feed.....	25.86
Implements.....	739.00
	<u>\$2103.31</u>

36. INVENTORY VALUATION.—As we have already stated Fox values his live-stock at what it would bring, if sold the day he takes his inventory and this is also true of the produce he has grown; but the Feed he must figure at what it cost him. From his implements he deducts 25 per cent. for "wear and tear" of five years usage. As the Binder and Corn Harvester were bought in 1900 he only deducts 5 per cent. from them—both practically being as good as new. Some manufacturers deduct 10 per cent annually for the depreciation of their machinery but when good care is taken of farm implements there is scarcely need for such a deduction. The owner must of course decide for himself what the depreciation amounts to.

37. STATEMENT OF RESOURCES AND LIABILITIES.—Fox now has his inventory taken. He knows what he has on his farm and that if sold today it would amount to \$2,163.31. However, before he can begin his books he must know not only this; but the exact amount of everything else he owns, what he owes and also what is owing him. The easiest way to do this, is to make a statement of his Resources (what he has) and Liabilities (what he owes). To get at this, his farm known as "Clovermead" consisting of 120 acres cost him \$80.00 an acre. He still owes on it \$2,000.00 which is in four notes of \$500.00 each, payable annually with interest at 6 per cent. These notes are secured by Mortgage, and are held by

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a local bank—the First National. He has also \$413.00 cash on hand and a note of \$70.00 in his favor which is due July 15, 1901.

38. Itemizing the above, he places under "Resources" (1) the cash value of his farm, (2) Production (see inventory) which represents his live-stock and the products of his farm on hand at this time, (3) Implements (see inventory), (4) "Feed" (see inventory) and by "Feed" he means what he has had to buy—not that which he has grown, (5) Bills Receivable (notes owing him) and (6) the Cash he has on hand. These items are all "Resources" because if necessary he could sell them for the amount set aside each and thus realize that much cash for them—hence, a resource.

39. Under "Liabilities," he places Bills Payable (notes he owes). To better understand this, let us set down these items and amounts under their respective heads, so that it will be perfectly clear.

RESOURCES.		LIABILITIES.	
(1) Clovermead Farm	\$ 9600.00	Bills Payable (Notes he owes)	\$ 2000.00
(2) Production (Inventory)	1398.45	Net Worth	10246.31
(3) Implements (Inventory)	739.00		
(4) Feed (Inventory)	25.86		
(5) Bill Receivable (Notes owing him)	70.00		
(6) Cash (Money on hand)	413.00		
	\$12246.31		\$12246.31

40. Now, in looking at the statement above you will see one item under "Liabilities" about which nothing has yet been said. It is Net Worth, and is simply this: Fox's total Resources amount to \$12,246.31. Taking from it the total amount of his debts (\$2,000.00) there remains the difference of \$10,246.31, or his Net Worth. The foregoing is what Fox must know before he can open his Ledger. It is what you must also know before you can open an account with your farmstead intelligently.

41. Fox must next make the opening entries in his book of record and as he is a practical farmer, he wants his accounts to

be as simple as can be and yet be accurate. With this in view, he decides to have as few accounts in his Ledger as possible—to use but one book of record—setting aside the first six pages for the inventory, the next forty-eight pages for the Cash account for the year, and the balance of the book for his accounts in the Ledger proper. But before any accounts or entries can be made in the Ledger, they must appear on the Cash Book and the

42. CASH BOOK in its original form was simply the cash account. It was debited for the cash received and credited for all cash paid out—the difference between the debit and credit sides showing exact amount of cash on hand. But on the farm the Cash Book must answer for a Day Book or Journal as well, and all transactions appear in it. As explained before, in double-entry bookkeeping all accounts have two sides—a debit and a credit. The left-hand side is the debit side and the right-hand is always the credit side. Remember, then, that the following rules are absolute for the Cash Book.

LEFT-HAND OR DEBIT SIDE.

On this side enter all cash you receive.

RIGHT-HAND OR CREDIT SIDE

On this side enter all cash you pay out.

43. Now the sides of the blank book that you are going to use as a Farm Ledger, are ruled exactly alike and you will see by referring to the example below that the first column is for the date, the second for the page of the Ledger to which the entry must be posted. The third is for explanation in which you should write a complete history of the transaction at the time it takes place. This should always be written out fully so that if at any time later a question arise as to the validity of an account, the details given in this column will remove all doubt as to what it was, when it took place, etc. The Dollars and Cents column at the extreme right of each page are those in which you set down the amount of the transaction. The correct ruling for a Farm Ledger is shown below, which note:

THIS FOR THE DATE	THIS SPACE FOR LEDGER PAGE	THIS THE EXPLANATION COLUMN		DOLLARS CENTS	

Fox is now ready to make his first entry and the

44. FIRST ENTRY is to give the owner (Fox) credit for his investment. This is always the first entry when the books are opened. We find his investment as follows: The statement of his Resources and Liabilities shows his net worth to be \$10,246.31 of which \$413.00 is in cash (money on hand). By deducting his cash on hand from his Net Worth we have \$9,833.31 which represents the net cash value of his Farm, Production, Feed, Implements and Bills Receivable. Therefore, we credit J. Fox (or the owner) by entering on the debit side of the Cash Book \$9,833.31, the net cash value of his investment and the \$413.00 cash on hand (Refer to Plate 8, item da). Also turn to paragraph 112.

45. THE SECOND ENTRY is to credit Bills Payable for \$2,000.00, the amount of notes Fox is owing to the First National Bank. (Refer to Plate 8, item db.) Also refer to paragraph 138.

You are wondering why we Credit Fox and Bills Payable, when we enter these items on the debit side of the Cash Book. The reason is this: The Cash Book is the cash account. We charge (debit) it for all cash we receive and credit it for all we pay out. But the Cash Book on the farm must take the place of the Journal and when we open (begin) the books, we must of course credit Fox (the owner) for the amount of money he has invested. He now has \$9,833.31 in land, live-stock, implements and \$413.00 in cash, all of which he is using in his business of farming. He must open an account in the Ledger that will represent his interest in his business. Hence, he must be credited for the amount invested and the cash he is using.

46. WE NEXT DEBIT the following accounts with the amount of each as shown by the inventory. Clovermead Farm (Plate 9, item ca. and refer to 118), Production (Plate 9, item cb. and refer to 156), Implements (Plate 9, item cc. and refer to 172), Feed (Plate 9, item cd. and refer to 167), Bills Receivable (Plate 9, item ce. and refer to 144). These items are those that Fox has his money invested in. And as we have previously learned that there must be a debit for every credit, we debit each for the amount invested, because we have given Fox credit for them. If they

HOW TO KEEP FARM ACCOUNTS.

have been entered correctly the Cash Book should now balance as follows:

DEBIT SIDE.		CREDIT SIDE.	
Clovermead Farm	\$ 9000 00	J. Fox Investment	\$ 0833.51
Production (Inventory)	1308 45	J. Fox—Cash	413 00
Implements (Inventory)	739 00	Bills Payable	2000 00
Feed (Inventory)	25 86		
Bills Receivable	70 00		
Balance	413 00		
	<hr/>		<hr/>
	\$12240 31		\$12240 31

47. Now that Fox has his books begun, somebody or something must be debited for everything brought on the farm, and somebody or something credited for all that is sold or taken from the farm. By doing this he will know at any time the exact amount of cash he has on hand and the true condition of every account he has in the Ledger.

NOTE:—For ready reference each entry on the Debit side of all accounts in both Cash Book and Ledger is indicated by the letter "d" and follows each other in alphabetical order, thus: The entry giving Fox credit for his investment is Plate 8, item da., and that of Bills Payable is Plate 8, item db. The entries on the Credit side are indicated by using the letter "C" to designate the credit side as Clovermead Farm; Plate 6, item ca. Production, Plate 9, item cb., etc., etc.

ERRATA

On page 50 the matter illustrating how the Cash Book balanced when Fox made his opening entries, was, through error, transposed, and should read as follows:

[illegible]

HOW TO KEEP FARM ACCOUNTS.

<i>Dr April 1901 Cash Plate 8</i>									
da	1	61	J Fox Investment	4833.31					
			Cash	413.00				10246.31	
db	1	65	Bills Payable First Natl Bank					9000.00	
			Note 1/2/96 due 12/31 500.00						
			" " " 1/2/03 500.00						
			" " " 1/2/04 500.00						
			" " " 1/2/05 500.00						
			cleared by mortgage on						
			farm. Interest 6%						
dc	8	69	Production 15 bu Red Corn Wm George					1500.00	
			✓ 4/10 Wm George Troy O C&H						
dd	9	69	Production 12 bu Red Corn John Green					1200.00	
			✓ 4/10 John Green Huntington Ind						
			Wm George Ind						
df								12273.31	

TRANSACTIONS FOR APRIL, 1901.

Having opened the Cash Book by entering the items shown in his statement of Resources and Liabilities in the preceding chapter, the transactions common to the rotation practiced by Fox follows.

APRIL 8.

He received a money-order of \$15.00 from Wm. George, of Troy, Ohio, for 15 bushels of Seed Corn. Freight C. H & D. R. R.

48. It isn't practical to open accounts with each individual who may buy seed or other products from the farm, so Fox credits all sales to Production, and will open an account in the Ledger under that head. Refer to Plate 8, item dc., and note that full particulars of the transaction are given. This entry should be made immediately after the order is received. Then when he fills and ships it, he checks it, thus: 4-10, as shown on the plate. Note that the date the order is received is in first column, and the full explanation in third column, with the amount in the dollars and cents column. The figures 69 in second column is the Ledger

HOW TO KEEP FARM ACCOUNTS.

Plate 9 April 1901 Cash			CR
ca	1 67	Greenmead Farm. Inventory	960000
cb	1 68	Production "	139845
cc	1 74	Implements "	78900
cd	1 72	Seed "	2586
ce	1 66	Bills Receivable W Wood Note	7000
		7/15/1900 One Year	
		Interest 6%	
cf	25 80	Labor Ed Wise 12 days @ 12 ⁵	1500
*cg	30	Balance	42500
ch			1227331

page to which the entry is posted, and in this book, will mean the number of the Plate. In actual bookkeeping this second column of the Cash Book is used for the Ledger page.

APRIL 9.

J. Green, of Huntington, Ind., wants 12 bushels of Seed Corn shipped by Wabash freight and encloses a draft for \$12.00 to pay for it.

49. This transaction—item dd—is the same as item dc which immediately precedes it. Fox must debit Cash for all money received whether it is in currency, post-office or express money orders, drafts or checks. Always mention in what form it is received.

APRIL 25.

He pays Ed. Wise \$15.00 for 12 days labor at \$1.25.

50. To open an account with each person one would have

NOTE:—A Star * when found before an entry on either Cash Book or Ledger (see plate above item * cg) indicates that such entry should be made in red ink. For reason why refer to paragraph 10.

to have as extra help on the farm involves too much detail, so Fox changes "Labor" for the amount of this transaction, because he wants to know what he pays for help during the year, and therefore, must open an account for "Labor" in the Ledger to which all money paid for help should be charged. Refer to Plate 9, item cf. Refer to 183.

APRIL 30.

He balances his cash account for April and finds \$425.00 on hand.

51. It is now the end of the month and he balances his cash. Balancing the cash is simply footing the two sides of the account and the difference between them should be exactly what you have on hand. The difference for April, Fox finds is \$425.00, which is the amount he has on hand. He now closes the account for April by writing in red ink:—the date, the word Balance, and the amount \$425.00 on the credit side—see item eg. He then rules the closing lines in red ink and writes between them in black ink the totals \$12,273.31. (See Plate 8 and 9, item df and eh.)

52. WHEN CASH IS OVER OR SHORT.—Every one makes mistakes and should one occur, such as an error in making change or in paying an account and omitting to charge it, and you cannot find it after exhausting every effort, the Cash Book can be made to balance as follows: If your cash is over—having more than you should as shown by the Cash Book, credit this difference to the Production account by writing on the debit side of the Cash Book "Production—Cash Over" which makes it balance. If short—if you have less cash than you should have according to the Cash Book, charge it to yourself, writing on the credit side of the Cash Book, "J. Fox—Cash short" for the amount of difference. In case you locate the error later, debit or credit the difference to the proper account and debit or credit yourself or Production as it may have been entered at the time you could not locate the error.

53. POSTING THE CASH BOOK.—Every entry appearing in the Cash Book must be posted or transferred to some account in the Ledger. The second column is used to enter the page of

the Ledger to which the entry is transferred. On Plate 8, item da, you will note the Ledger page is 61. Turn to Plate 61, item da, and study the entry. Observe that in posting, items entered on the debit side of the Cash Book are entered on the credit side of the Ledger. The page of the Cash Book from which the entry is posted, is put in the fourth column of the Ledger. Refer to item db which is posted to Plate 65, items dc and dd are posted to Plate 69. Follow these entries from the time the transaction occurs until they are completed, ie; posted to their proper accounts in the Ledger.

The entries on the credit side of the Cash Book are all posted to the debit side of the Ledger. Fox has opened accounts with Clovermead Farm, Production, Implements, Feed, Bills Receivable and Labor. Refer to each item and compare the entry on Cash Book with Ledger entry. You will note the entries are complete in the Cash Book. They need not be so full in the Ledger. The examples given show all that is necessary.

54. The Cash Book must be posted at the end of the month, if it has not been before, and a trial balance taken. This must be done at the end of every month. We take it to see that the books are in balance—that the entries in the Cash Book have been posted correctly.

55. NOTE:—In posting observe the following order: (1) the amount, (2) the date, (3) the page of the Cash Book from which the item is transferred.

Before you begin to post your Cash Book write in the second column, the pages of the Ledger to which the entries are to be posted. Then check each item as soon as you have posted it. It's a good plan to finish posting the debit side before you begin on the credit side—you're not so liable to post the entries to the wrong side of the account.

56. TRIAL BALANCE.—Now comes the trial balance. Fox has gone through the month and still he doesn't know whether his books "balance" or not. A trial balance is taken once a month to see if all entries were made correctly, that is, if the debit side of the Ledger equals the credit. No set of books or system of ac-

HOW TO KEEP FARM ACCOUNTS.

counts is worth anything to any business unless there is some check on them that will prove their correctness. That is why a trial balance is necessary, and as accuracy is the first essential in accounts, Fox takes a trial balance, and this is what he finds.

Dr.		TRIAL BALANCE, APRIL, 1901.						Cr.	
Plate	CB	Cash	\$ 425.00		Plate	61	J. Fox	\$10246	31
	62	Clovermead	9600.00		"	65	Bills Payable	2000	00
	66	Bills Rec'v'able	70.00						
	68	Production	1371.45						
	72	Feed	25.86						
	74	Implements	739.00						
"	80	Labor	15.00						
			\$12246	31				\$12246	31

His Ledger is in balance. That is the footings of the debit and credit sides equal each other. You will note he first enters on the debit side of the trial balance the amount of Cash on hand at the close of the last day of the month. Then taking the Ledger he goes through it, entering on the debit side of the trial balance all amounts found on the debit side of the Ledger, and on the credit side of the trial balance all amounts found on the credit side of the Ledger. This is always the case unless an account has entries on both the debit and credit side, and then, you find the difference between the two sides. For instance, this month the debit side of the Production account (Plate 68) is \$1398.45 and the total of the credit side at this time is \$27.00 (Plate 69). The difference the two sides is \$1371.45 which he sets down in the explanation column on the debit side of the Ledger in pencil. This, then, is the amount taken in the trial balance. Remember, when an account has entries on both the debit and credit sides, to take the difference between the sums total, and the amount the greater exceeds the smaller is the amount carried to the trial balance.

57. TO LOCATE ERRORS IN A TRIAL BALANCE.—If the debit and credit sides of a trial balance do not exactly agree the books are not in balance and the difference, no matter how

small, must be found. If they don't agree proceed as follows:

First.—The footing of the balance should be verified.

Second.—From the first account in the Ledger until the last, the addition and subtraction of each account should be carefully gone over.

Third.—Examine each entry and see whether or not a debit has been made for every credit, and for every credit a debit for a like amount.

Fourth.—If any accounts have been balanced and carried forward to a new page, see if the amounts carrier are correct.

Finally, if the difference still remains, nothing can be done except to go over the entire work for the month and continue to do so until the error is found, for be it known, the trial balance is simply a copy of the accounts in the Ledger, and if the entries have been made properly the footing of the debit and credit sides will be exactly alike.

HOW TO KEEP FARM ACCOUNTS.

[illegible]

TRANSACTIONS FOR MAY, 1901.

MAY 1.

Cash on hand \$425 00.

58. The amount of cash on hand at the beginning of the month is entered in black ink as shown in Plate 12, item da.

MAY 2

He sends J. M. Whiton, Wakeman, O., New York draft for \$16.00 for 8 bu. White Mammoth potatoes for seed. The bank charges him 10 cents for draft.

59. Refer to Plate 13, item ca for the proper entry to make for this transaction. As to the reason for charging this to Expense, refer to the matter relating to Expense which follows plate 70. Note that he includes the cost of the draft in the entry.

MAY 3.

He buys 2 ton Middlings at \$22.00 and a barrel of salt \$1.50.

60. See Plate 13, item cb. Fox wants to know how much Feed he buys during the year so he opens an account with it. That is also the reason he inventoried the Feed on hand which he had bought previous to April 1st. Read explanatory matter after Plate 72, regarding this account.

MAY 5.

He has one thousand each of Envelopes (\$2.50) and Letter Heads (\$3.75) printed.

61. On every farm there are certain articles which have to

HOW TO KEEP FARM ACCOUNTS.

Plate 13 May, 1901 Cash Cr									
ca	2	70	Expense	8 bu White Mammoth				16	10
				And potatoes @ 2.00	16.00				
				Draft	1.00				
cb	3	72	Feed	2 tons Middlings	46.00			47	50
				166 lb Salt	1.50				
cc	5	70	Expense	1 m Envelopes	2.50			6	25
				1 m Letter Heads	3.75				
cd	10	74	Implements	Chicago Sheep Shearing Machine				15	00
ce	25	70	Expense	Station Frence to				40	00
				Eli Jones, Bros & Queen					
cf	31		Balance					300	15
cg								425	00

be bought to be used in the maintainance and general business of the farmstead. All these incidental outlays should be charged to Expense. It is neither desirable or necessary to open more accounts in the Ledger than will show the results of the management. Too many accounts require needless writing and detail. This item of stationery is Expense. Refer to Plate 13, item cc. Refer to 162.

MAY 7.

He has had so much trouble to get competent help on the farm, that he makes contract with Ed. Wise, who has been working for him off and on for some time, to work by the year at \$300.00. Wise to board all the extra help employed on the farm, and in addition to the wages agreed on, to have truck patch, pasture for cow, and house rent free of charge. Contract dated May 1st.

62. No entry for above—simply a memoranda. He files the contract—refer to (8). All money paid to Wise will be charged to him in the future and not to Labor. Read matter following Plate 78.

MAY 10.

He buys a Chicago Sheep Shearing Machine—\$15.00.

63 He has already opened an account with Implements.

HOW TO KEEP FARM ACCOUNTS.

All farm machinery bought must, of course, be charged to that account. (See Plate 13, item cd.) Refer to 173.

MAY 25.

He pays Eli Jones \$40.00 for Stallion Services.

64. This is charged to Expense for the same reason that item ca was. For entry see item ce, Plate 13. Refer to 163.

MAY 30.

He balances his cash for May—\$300.15 on hand.

The difference between the sums total of the two sides of the Cash Book is \$300.15. That is what he has on hand so he enters it in red ink (Plate 13, item cf) rules the closing lines and enters the footings of the two sides in black ink between them, just as he did when closing the April cash.

The posting done he must again take a Trial balance to see whether or not his books are in balance. This he does and it follows:

Dr.		TRIAL BALANCE, MAY, 1901.				Cr.		
	CB	Cash	\$ 300	15	Plate 61	J. Fox	\$10246	31
Plate	62	Clovermead	9600	00	" 65	Bills Payable	2000	00
"	66	Bills Rec'v'able	70	00				
"	68	Production	1371	45				
"	70	Expense	62	35				
"	72	Feed	73	36				
"	74	Implements	754	00				
"	80	Labor	15	00				
			\$12246	31			\$12246	31

65. Observe that the Trial Balance is simply the footings of the various accounts in the Ledger except where there have been entries on both the debit and credit sides on an account, and then, the difference between the two sides only is entered in the Trial Balance. Refer to the Production account, Plate 68. Entries have been made on both sides of this account and as the debit side is the greater the difference \$1,371.45 is what is entered on the debit side of the Trial Balance.

Transactions for June, 1901

HOW TO KEEP FARM ACCOUNTS.

Dr June 1901 Cash Plate 16

da	1		Balance		300.15
db	2	by	Production Seed Corn to Wm. George, Troy, O. Claim made 15.00 today		15.10
dc	5	by	Production Wool 726 lbs @ 16¢		116.16
dd	21	by	Production Hogs 20 dy 730 lbs @ 5.40		248.20
de					\$ 679.51

TRANSACTIONS FOR JUNE, 1901.

JUNE 1.

Cash on hand \$300.15.

66. Immediately after the cash is balanced for the month you must enter amount on hand as shown by item da, Plate 16. This is done every time the cash is balanced—daily, weekly or monthly. If many transactions occur it is best to balance daily, or weekly at the latest, where but few take place, once a month will answer as shown in this illustration.

JUNE 2.

Wm. George, of Troy, Ohio, to whom Fox shipped Seed Corn on April 16th, writes that it hasn't arrived—that it's now too late—he can't accept, and wants his money refunded. Although a shipper's responsibility ceases when goods are delivered to R. R. Co., he refunds the money (\$15.00) and makes claim to the C. H. & D. R. R. for the amount lost plus the expense of draft.

67. Rather than antagonize a customer Fox decides to col-

HOW TO KEEP FARM ACCOUNTS.

Plate 17		June 1901 Cash		CR	
ca	2 68	Production	Draft for Shipment Seed Corn 4/10/01 C. H. & D. R. R.	15 00	
			Refunded Com. George		
cb	2 70	Expense	Draft to George	10	
cc	2 86	C. H. & D. R. R.	Loss of Shipment as above	15 10	
cd	8 70	Expense	Hoeing 60	3 60	
			Repairs on Mower 3.00		
ce	22 80	Labor	Sam Pettit 4 days 150 60	12 00	
			John Dye 4 " " 60		
cf	24 84	Taxes & Insurance	June Taxes	32 64	
cg	28 78	Ed Wise	On account	20 00	
ch	30	Balance		581 37	
ci				679 81	

lect the amount of this shipment from the R. R. Co., himself. First.—He has no account with George, so when he sends draft to George for the amount of loss, he must debit the account to which the sale was credited, to Production. (See Plate 17, item ca.) Second.—The draft costs 10 cents which he charges to Expense. (Plate 17, item cb.) Third.—Fox is now out the Seed Corn and the expense of draft; so he charges the C. H. & D. R. R. with \$15.10, the amount he is short by the transaction. Plate 17, item cc.) Fourth.—In double entry there must be a debit for every credit, and having debited the C. H. & D. R. R. with \$15.10, he must also credit Production for the same amount. (Plate 16, item db.) In making claims to Railroads they insist on the original Bill of Lading in total losses and both the Bill of Lading and Expense Bill (Freight receipt) where partial loss is sustained. To make claim for loss, such as described in transaction above, the follow-

ing is necessary: (1) Copy of Invoice to George. (2) Original Bill of Lading. (3) attach (1) and (2) to an invoice made out in name of R. R. These should be given to the local agent. But R. R's. move slowly in paying claims. After a reasonable length of time it is well to stir them up at intervals, and let them know you are looking after your end—are a business farmer and know what you're about. Refer to 197 and 199.

JUNE 8

He sells his wool—726 lbs., at 16c. Pays 60c for „re-setting" two shoes on Queen, and \$3.00 for repairs on Mower.

68. First.—Fox doesn't want accounts opened with every thing he grows—too much detail. His sales are all entered to the credit of his Production account, hence, the Wool sold above is entered as shown on Plate 16, item de. See 158.

Second.—The inevitable Expense again. But his horses must be shod, and the Clover is coming on fast. The Mower is now ready. Both charged to Expense. (Plate 17, item ed.) See 161 and 163.

JUNE 22.

He pays John Dye and Sam Petit each \$6.00 for four days' labor.

69. Labor, too, is quite an item and he wants to know how much it costs him for the year. All extra help he employs he charges to Labor account. For entry see Plate 17, item ce. Refer to 183.

JUNE 24.

He sells 20 Hogs, averaging 230 lbs. each, at \$5.40 and pays his June taxes—\$32.64.

70. First.—As everything Fox sells off the farm is credited to Production, the proceeds for the Hogs is credited to that account. (Plate 16, item dd.) Second.—He opens an account for Taxes and Insurance. (Plate 17, item ef. Refer to 193.

JUNE 28.

Ed. Wise draws \$20.00 on account.

71. Although this item is for Labor, yet, Wise is hired by the year and wants to draw his money as he needs it. This necessitates opening an account with Wise, and all money drawn by him must be charged to him. (Plate 17, item eg.) Refer to 177 and 178.

JUNE 30.

He balances his cash—\$581.37 on hand.

The cash on hand is \$581.37 and as that agrees with the balance shown by the Cash Book he rules the closing lines as he did in April. (See Plates 16 and 17, items de, eh and ei.)

HOW TO KEEP FARM ACCOUNTS.

Dr.		TRIAL BALANCE, JUNE, 1901.				Cr.	
	CB	Cash	\$ 581 37		Plate 61	J. Fox	\$10246 31
Plate	62	Clovermead	9600 00		" 65	Bills Payable	2000 00
"	66	Bills Rec'vable	70 00				
"	68	Production	1000 79				
"	70	Expense	66 05				
"	72	Feed	73 36				
"	74	Implements	754 00				
"	78	Wise	20 00				
"	80	Labor	27 00				
"	84	Taxes	32 64				
"	86	C. H. & D. Ry.	15 10				
			\$12246 31				\$12246 31

Trial balance for June is shown above.

HOW TO KEEP FARM ACCOUNTS.

Dr		July 1901 Cash		Plate 20	
da	1	Balance		581	37
db	15	Bills Receivable	Wood Note	700	00
dc	15	Interest	On Wood Note	4	20
df				655	57

TRANSACTIONS FOR JULY, 1901.

JULY 1.

Cash on hand \$581.37.

Whenever the cash account is balanced—whether daily, weekly or monthly the first entry after balancing is to debit cash for the amount on hand. (Plate 20, item da.)

JULY 15.

Wm. Wood pays his note of \$700.00 due today with interest at 6%.

72. All notes we hold given to us in settlement for money loaned or in payment of products sold are debited to Bills Receivable. Wood pays his note today with interest. We now credit Bills Receivable for the face of the note as shown on Plate 20, item db. (See 143 and 147.)

We must also credit the interest, therefore, open an account with Interest and credit it as shown on Plate 20, item dc. (Look up 186 and 189.)

JULY 20

He sends the Breeder's Gazette \$6.00 and the National Stockman \$5.20 to pay for his advertisement of Seed Corn. The money-order cost him 16 cents.

73. As the amount Fox pays for advertising is small he doesn't open an account with it but charges it to Expense. See Plate 21, item ca. Refer to 161.

JULY 21.

He accepts the Stock Scale put in for him by E. Thomas and pays \$65.00.

74. Although scales might be considered under the head of Building and Improvements, yet, after putting them in they are

HOW TO KEEP FARM ACCOUNTS.

Plate 21		July 1901 Cash		Cr	
ca	20 70	Expense Advertising First Com.		11	36
		Birden Gayette 6 ⁰⁰			
		Natl Stockman 5 ²⁰			
		Money Order 16			
cb	22 70	Expense Stock Scales E. Thomas		65	00
cc	28 72	Feed Oats 100 bu @ 32¢		32	00
cd	31	Balance		547	21
ce				655	57

a part of the farmstead's equipment as much as are fences or sheds. Rather than charge to Improvements and inventory them from year to year, Fox prefers, as they are a fixture, to charge them at once to Expense. (Plate 21, item cb.) Read 129.

JULY 28.

He buys 100 bushels of Oats at 32c.

75. Fox doesn't grow any Oats. He buys them to feed and so charges to Feed as he wants to know how much he pays for it during the year. (Plate 21, item cc.) Refer to 168.

JULY 31.

Cash balance today shows \$547.21 on hand.

Refer to April, May and June closing of cash accounts. (Plate 21, item cd.)

Dr.		TRIAL BALANCE, JULY, 1901.				Cr.	
	CB	Cash	\$ 547 21	Plate	61	J. Fox	\$10246 31
Plate	62	Clovermead	9600 00	"	65	Bills Payable	2000 00
"	68	Production	1006 79	"	83	Interest	4 20
"	70	Expense	142 41				
"	72	Feed	105 36				
"	74	Implements	754 00				
"	78	Wise	20 00				
"	80	Labor	27 00				
"	84	Taxes	32 64				
"	86	C. H. & D. Ry.	15 10				
			\$12250 51				\$12250 51

HOW TO KEEP FARM ACCOUNTS.

If care is used when posting the Cash Book and footing the different accounts in the Ledger no great trouble need be found in taking the Trial Balance. Note the Bills Receivable account doesn't appear in this month's balance. That was paid and as the account balanced, is now closed.

Transactions for August, 1901

Dr		August 1901 Cash		Plate 24	
da	1	Balance		547	21
db	30 69	Production Wheat 800 bu @ 80¢		640	00
dc				1187	21

TRANSACTION FOR AUGUST, 1901.

AUGUST 1.

Cash on hand \$547.21.

Refer to previous months. (Plate 24, item da.)

AUGUST 3.

He gives Ed. Wise \$10.00 on account.

See Plate 25, item ca. Refer to 177 and 178.

AUGUST 15

The roads are good and he has time, so he puts in the coal needed for winter--10 tons, at \$5.75.

76. All money drawn for personal use should be charged to Fox. He buys the coal, now that he can put it in for winter, and charges the amount it cost to his (Fox) personal account. (Plate 25, item cb.) See 110.

AUGUST 23.

He pays Joe Morgan \$24.00 for threshing 800 bushels Wheat, at 3c.

77. Fox charges his threshing bill to Expense because at the end of the year by keeping his Production account distinct it shows at the close just what he annual sales from the farmstead amounts to. (Plate 25, item cc.) Refer to 161 and 163.

AUGUST 28.

He buys 100 lbs. Linseed Meal at \$27.00 a ton, and a Keg of Nails, at \$2.70.

78. First.—He charges Linseed Meal to Feed. (Plate 25, item cd.) See 168.

HOW TO KEEP FARM ACCOUNTS.

Plate 25 August 1901 Ash Cr

ca	3	78	Ed Wise	On Account			10	00
cb	15	60	J. Fox	Coal 10 tons @ 57 1/2			57	50
cc	23	70	Expense	Threshing 800 bu Wheat @ 3¢ J. Morgan			24	00
cd	28	72	Feed	Amos Meal 100 lbs @ 27¢			1	35
ce	28	70	Expense	Nails on Keg			2	70
cf	31		Balance				1091	66
cg							1187	21

Second.—The nails to Expense.. (Plate 25, item ce.) Refer to 162.

AUGUST 30.

He sells 800 bushels of Wheat at 80c.

79. All products sold—no matter what, he credits to Production. (Plate 24, item db.) Refer to 158.

AUGUST 31.

He balances his cash—\$1,091.66 on hand.

Refer to April and May closing. The entry. (Plate 25, item cf.)

Dr.		TRIAL BALANCE, AUGUST, 1901.				Cr.	
	CB	Cash	\$ 1091 66	Plate	61	J. Fox	\$10188 81
Plate	62	Clovermead	9600 00	"	65	Bills Payable	2000 00
"	68	Production	366 79	"	83	Interest	4 20
"	70	Expense	169 11				
"	72	Feed	106 71				
"	74	Implements	754 00				
"	78	Wise	30 00				
"	80	Labor	27 00				
"	84	Taxes	32 64				
"	86	C. H. & D. Ry.	15 10				
			\$12193 01				\$12193 01

SEPTEMBER 1

For entry see Plate 28, item da.

He buys $2\frac{1}{2}$ tons Fertilizer at \$18.00.

80. Expense. (Plate 29, item ca.) See 162.

SEPTEMBER 7.

He sends draft to Geo. E. Scott, Mt. Pleasant, Ohio, for 37½ bushels Fultz wheat for seed at \$1.00. F. O. B. Bank charges 10c for draft.

S1. This transaction charged to Expense. (Plate 29, item ca) Refer to 155 and 162.

SEPTEMBER 8.

Two tons of Middlings cost \$24.00 a ton.

82. Feed. (Plate 29, item cc.) Refer to 168.

HOW TO KEEP FARM ACCOUNTS.

Plate 29 September 1901 Cash Cr									
ca	5	70	Expense	Fertilizer	2 1/2 tons @ 18 ⁰⁰			45 ⁰⁰	
eb	7	70	Expense	Seed Wheat	37 1/2 bu. @ 1 ⁰⁰	37 ⁵⁰		37 ⁶⁰	
				Draft		10			
				Gro & Scott Mt Pleasant	0				
ec	8	72	Feed	Middlings	2 tons @ 24 ⁰⁰			48 ⁰⁰	
ed	10	60	J Fox	Cy to Wife				20 ⁰⁰	
ee	18	70	Expense	Freight on Seed Wheat				2 ⁵⁶	
ef	20	70	Expense	Timothy Seed	4 bu @ 2 ⁰⁰			8 ⁰⁰	
				Phillips Seed Co Toledo	0				
eg	28	80	Labor	John Betts	10 days @ 12 ⁵⁰			12 ⁵⁰	
eh	30		Balance					918 ⁰⁰	
ei								1091 ⁶⁶	

SEPTEMBER 10.

He gave his wife \$20.00.

83. A personal matter with Fox, and charged to his personal (J. Fox) account. (Plate 29, item ed.) Refer to 110.

SEPTEMBER 18.

Freight on Seed Wheat costs \$2.56.

84. Expense. (Plate 29, item ee.) Refer to 155 and 162.

SEPTEMBER 20.

He buys 4 bushels of Timothy Seed of the Phillips Seed Co., Toledo, Ohio, for which he pays \$8.00.

85. Expense. (Plate 29, item ef.) Refer to 155 and 162.

SEPTEMBER 28.

He pays John Betts \$12.50 for ten days' labor.

Labor. (Plate 29, item eg.) See 183.

SEPTEMBER 30.

His cash on hand amounts to \$918.00.

He balances his cash for the month. (Plate 29, item eh.)

HOW TO KEEP FARM ACCOUNTS.

Dr.		TRIAL BALANCE, SEPTEMBER, 1901.						Cr.
	CB	Cash	\$ 918.00	Plate	61	John Fox	\$10168.81	
Plate	62	Clovermead	9900.00	"	65	Bills Payable	2000.00	
"	68	Production	366.70	"	83	Interest	4.20	
"	70	Expense	262.27					
"	72	Feed	154.71					
"	74	Implements	754.00					
"	78	Wise	30.00					
"	80	Labor	39.50					
"	84	Taxes	32.64					
"	86	C. H. & D. Ry	15.10					
			\$12173.01				\$12173.01	

The Trial Balance is again taken and is simply the face of the Ledger. It should be taken every month.

Transactions for October, 1901

HOW TO KEEP FARM ACCOUNTS.

Dr October 1901 Cash Plate 32				
da	1		Balance	918.00
db	15	69	Production Hogs 25 bu 190 lbs @ 52¢	249.38
de	25	69	Production Potatoes 150 bu @ 45¢	67.50
dd	25	69	Production Potatoes 40 bu @ 45¢	18.00
de				1252.88

TRANSACTIONS FOR OCTOBER, 1901.

OCTOBER 1.

Cash on hand \$918.00.

Plate 32, item da.

OCTOBER 3.

He gives Ed. Wise \$10.00 on account.

Plate 33, item ca. Refer 178.

OCTOBER 15.

He sells 25 head of Hogs, which average 195 lbs. for \$5.25.

86. Production. (Plate 32, item db.) See 158.

OCTOBER 20.

He sells 150 bushels of Potatoes at 45c.

87. See Plate 32, item de. See 158.

OCTOBER 25

He takes 20 bushels of Potatoes for personal use, and also gives Ed. Wise 20 bushels, market price 45c.

88. Production should be credited for anything taken for personal use from what is raised on the farm. We credit Production, (Plate 32, item dd.) and debit both Fox and Wise for the number of bushels they take. (See Plate 33, item eb and ec.) Refer to 110 and 179.

OCTOBER 30

He pays John Betts \$1.25 a day for 15 days' labor

Labor. (Plate 33, item ed.) See 183.

HOW TO KEEP FARM ACCOUNTS.

Plate 33 October 1901 Cash Cr

ea	3	78	Ed Wise	On acct		1000
cb	75	60	John Fox	20 bu Potatoes @ 45¢		900
cc	75	78	Ed Wise	20 bu Potatoes @ 45¢		900
cd	30	80	Labor	John Betts 15 days @ 1.25		18.75
*ce	31		Balance			1206.13
cf						1252.88

OCTOBER 31.

He balances his cash—\$1206.13.

Plate 33, item ce.

Dr.				TRIAL BALANCE, OCTOBER, 1901.				Cr.			
	CB	Cash	\$ 1206.13	Plate	61	John Fox	\$10159.81				
Plate	62	Clovermead	9600.00	"	65	Bills Payable	2000.00				
"	68	Production	31.91	"	83	Interest	4.20				
"	70	Expense	262.27								
"	72	Feed	154.71								
"	74	Implements	754.00								
"	78	Ed. Wise	49.00								
"	80	Labor	58.25								
"	84	Taxes	32.64								
"	86	C. H. & D. Ry.	15.10								
			\$12164.01							\$12164.01	

HOW TO KEEP FARM ACCOUNTS.

St November 1901 Cash Plate 36

da	1		Balance		1206.13
db	15	09	Production Lambs 117 av 48 lbs @ \$5.50		620.63
de	20	69	Production Hogs 34 av 220 lbs @ \$5.25		392.70
dd	29	69	Production Corn 1600 bu @ 60¢		460.00
			Williams Seed Co. ac for contract		
de				\$	3189.46

TRANSACTION FOR NOVEMBER, 1901.

NOVEMBER 1.

Cash on hand \$1,206.13.

Plate 36, item da.

NOVEMBER 15.

He sells 117 lambs, averaging 98 lbs. each, at \$5.50, and buys 500 bushels of corn at 30c.

89. The Lambs credited to Production, (Plate 36, item db,) and the Corn charged to Feed. (Plate 37, item ca.) See 159 and 168.

NOVEMBER 20.

He sells 34 head of Hogs at \$5.25. Average weight 220 lbs.

Production. (See Plate 36, item de.) See 159.

NOVEMBER 23.

He pays for Husking and Shredding his Corn crop, 2,000 bushels, at 2½ cents a bushel.

90. Expense. (Plate 37, item cb.) Refer to 163.

NOVEMBER 29.

According to contract made in March he sells the Williams Seed Co., of Toledo, his crop of corn for seed at 25 cents a bushel above market price 1,000 bushels at 60 cents.

From the above we note that Fox has contracted his corn crop at 25 cents a bushel above market price. His crop of 2,000 bushels after sorting left 1,600 bushels of prime seed, which he now delivers. The price, 60 cents, is 25 cents above the market price. Fox feels he can well afford to raise corn by contract and buy all

HOW TO KEEP FARM ACCOUNTS.

Plate 37 November 1901 Cash Cr.

ca	15	74	Feed	Corn 500 bu @ 30¢			150 00	
cb	23	72	Expense	Wash. Shredder 2000 bu corn @ 2½¢			50 00	
cc	30	80	Labor	John Betts 10 days @ 1.25 Sam Pettit 10 days @ 1.25			25 00	
cd	30		Balance				2964 46	
ce							3189 46	

he needs to feed at these figures. He credits Production. (See Plate 36, item dd.) Refer to 158.

NOVEMBER 30

He pays John Betts and Sam Pettit each \$12.50 for ten days' labor, and balances his cash—\$2964.46 on hand.

Refer to Plate 37, item cc and cd for above, and look up 183.

Dr.				TRIAL BALANCE, NOVEMBER, 1901.				Cr.			
	CB	Cash	\$ 2964 46	Plate	61	J. Fox	\$10159 81				
Plate	62	Clovermead	9000 00	"	65	Bills Payable	2000 00				
"	70	Expense	312 27	"	69	Production	1951 42				
"	72	Feed	304 71	"	83	Interest	4 20				
"	74	Implements	754 00								
"	78	Ed. Wise	49 00								
"	80	Labor	83 25								
"	84	Taxes	32 64								
"	86	C. H. & D. Ry.	15 10								
			\$14115 43							\$14115 43	

The Trial Balance is given to show how it varies from month to month. Compare it with those that precede and follow it.

HOW TO KEEP FARM ACCOUNTS.

Dr December 1901 Cash Plate 40

da	1	Balance		2464.46
db	5	by Production 1/2 3ar 240 lbs @ \$5.50		386.00
		Ed Wise On acc't		
dc	8	by Production Hogs 3ar 232 lbs @ \$5.50		382.80
		For personal use		
dd	23	by First Nat'l Bank CK #1		50.00
de	23	by First Nat'l Bank CK 2		10.00
df				3102.34

TRANSACTIONS FOR DECEMBER, 1901.

DECEMBER 1.

Cash on hand \$2,964.46.

DECEMBER 5.

Ed. Wise wants 3 Hogs to butcher, same to be charged to his account. Weight averages 240 lbs., at \$5.50.

91. This entry is similar to that of October 25th. Wise is charged with the amount (Plate 41, item ca) and Production credited. (Plate 40, item db.) Refer to Examples 88 and 179.

DECEMBER 8.

He butchers 3 Hogs himself. Average weight 232 lbs., at \$5.50.

92. Credited to Production (Plate 40, item dc) and debited to J. Fox (Plate 41, item cb) for the same reason as given under Transaction of October 25th. Refer to 110.

HOW TO KEEP FARM ACCOUNTS.

Plate 41 December 1901 Cash Cr

ca	5	78	Ed Wise	3 Hogs On acct		39 60
cb	8	60	J Fox	3 Hogs On acct		38 28
cc	10	70	Expense	Shoeing		4 75
cd	15	60	J Fox	Wife 50 ⁰⁰		97 00
				Self 47 ⁰⁰		
ce	18	72	Feed	Oats 200 bu @ 30¢		60 00
cf	18	70	Expense	Subscriptions Renewals to		8 72
				Breeders Gazette 2 ⁰⁰ Natl		
				Stockman 1 ⁰⁰ Ohio Farmer		
				60¢ Farm Journal 40¢		
				Rural New Yorker 1 ⁰⁰ Practical		
				Farmer 60¢ American		
				Sheep Breeder 1 ⁰⁰ Money		
				Orders for same 12¢ and		
				Stamps 2 ⁰⁰		
cg	20	88	First Nat Bank	Deposit 4		2750 00
ch	23	78	Ed Wise	CK #1		50 00
ci	23	60	J Fox	CK #2		10 00
cj	31		Balance			43 99
ck						\$3102 34

DECEMBER 10.

He has some shoeing done, \$4.75.

Expense. (Plate 41, item cc.) Refer to 163.

DECEMBER 15.

He gives his wife \$50.00 and takes \$47.00 himself for personal use.

93. Charged to his personal account (Plate 41, item cd.) Refer to 110.

DECEMBER 18.

He buys 200 bushels of Oats, paying 30 cents. Renews his subscription to the Breeders Gazette, (\$2.00) National Stockman, (\$1.00) Ohio Farmer, (60c) Farm Journal (40c), Rural New Yorker (\$1.00) Practical Farmer, (60c) and the American Sheep Breeder (\$1.00) making a total of \$6.60. He pays 12 cents for money-orders, and for postage stamps \$2.00.

94. Oats charged to the Feed account (Plate 41, item ce). Subscriptions to farm papers he charges to Expense (Plate 41, item cf). The money-orders and stamps are also Expense, therefore, he includes it in the same entry. Refer to 161 and 168.

HOW TO KEEP FARM ACCOUNTS.

DECEMBER 20.

He begins to think he ought to have a bank account. Doesn't like the idea of having so much money in the house, therefore, he opens an account with the First National of his County Seat by depositing \$2,750.00.

95. Fox charges or debits the bank for the money he deposits today (Plate 41, item eg) and will open an account with the Bank in the Ledger. It is true that many take exception to keeping the bank account in the Ledger, and some accountants characterize it as "old fogysism" but the conditions which govern farm accounting are different than those of commerce. The farmer will find it a great source of satisfaction to have it there—ready to refer to at any time. Further, when the bank returns him his cancelled checks, he can compare those cancelled with those given out and tell at a glance if any have not been presented for payment. But more than all, a farm Ledger should show for various reasons, every business transaction of the farmstead for the year. It's more than likely the owner himself will keep the books—or rather book, and if death should suddenly ensue, the Ledger ought to be kept so as to furnish a guide to those of his family who take-up the management of the farmstead and continue it along prosperous lines. Refer to 212.

DECEMBER 23.

He gives Ed. Wise check for \$50.00, and also writes another for \$10.00 for personal use.

96. He debits Wise for check (Plate 41, item eh) and as this is the first check he has given out, he numbers it No. 1. He has now debited Wise, but as he is going to open an account with the Bank in his Ledger he must also credit the Bank for this check No. 1 which he does in Entry dd, Plate 40. In posting this entry dd to the Bank account (Refer to Plate 89, item dd) he writes in the explanation column Ck. No. 1, so that when comparing the cancelled checks returned by the Bank about the first of the month he can check over the account and see just what checks have been presented for payment. On the stub of his check book he also writes the number so that he can number each check as he makes it without having to refer to the Ledger account to find the number of the last check.

He also charges himself for Check No. 2 which he makes for

HOW TO KEEP FARM ACCOUNTS.

personal use (Plate 41, item ci) and credits the Bank (Plate 40, item de for same.) Refer to 110 and 178.

DECEMBER 31.

Cash balance shows \$43.99.

Dr.		TRIAL BALANCE, DECEMBER, 1901.				Cr.	
	CB	Cash	\$ 43.99	Plate	61	J. Fox	\$10014.53
Plate	62	Clovermead	9600.00	"	65	Bills Payable	2000.00
"	70	Expense	325.74	"	69	Production	2029.30
"	72	Feed	364.71	"	82	Interest	4.20
"	74	Implements	754.00				
"	78	Wise	138.60				
"	80	Labor	83.25				
"	84	Taxes	32.64				
"	86	C. H. & D. Ry.	15.10				
"	88	First Nat. Bk.	2690.00				
			\$14048.03				\$14048.03

HOW TO KEEP FARM ACCOUNTS.

Dr January 1902 Cash Plate 44

da	1		Balance			43.99
db	2	89	First Nat Bank	CK #3		620.00
			For Note and Int 500.00			
			on Mtge due today 120.00			
dc	12	89	First Nat Bank	CK #1		30.00
dd	22	89	C. H. & D. RR	Check		15.10
de	30	89	First Nat Bank	CK #5		32.64
df						741.73

TRANSACTION FOR JANUARY, 1902.

JANUARY 1.

Cash on hand \$43.99

Plate 44, item da.

JANUARY 2.

He pays his note of \$500.00 due today, and interest on mortgage held by his bank.

97. First.—Debit Bills Payable. (Plate 45, item ca.) Refer to 137.

Second.—Debit Interest for amount paid on mortgage. (Plate 45, item cb.) Refer to 187.

Third.—Credit the Bank for check No. 3, covering the note due today and interest on mortgage. (Plate 44, item db.) Refer to 213.

JANUARY 12.

He draws \$30.00 from the bank for expenses and attends the annual meeting of the State Board of Agriculture.

Two Entries. Plate 45, item cc, and Plate 44, item dc. Refer to 110 and 213.

JANUARY 22.

The C. H. & D. sends him check of \$15.10 for his claim made in June, 1901, for Seed Corn lost in transit.

The C. H. & D. finally pay him for shipment lost the April previous and as he had opened an account with them, he now credits them. (Plate 44, item dd.) This is equivalent to "Accounts with persons to whom we sell "Produce." See 197.

JANUARY 30.

He pays his December 1901 Taxes, \$32.64, by check, and deposits the check for \$15.10 received from the C. H. & D. to his credit in the Bank.

98. Taxes debited to Taxes and Insurance (Plate 45, item

HOW TO KEEP FARM ACCOUNTS.

Plate 45 January 1902 Cash Cr

ca	2	64	Bills Payable Note 1/2 Cr #3		50000
cb	2	82	Interest On above " "		12000
cc	12	60	John Fox Cr #4		3000
cd	30	84	Fire Insurance Ac Taxes Cr #5		3264
ce	30	88	First Nat Bank Deposit Cr		1510
cf	31		Balance		4399
cg					\$ 74173

ed). Refer to 194. The C., H & D. check he deposits in the Bank to be credited to his account, therefore, he debits the Bank (Plate 45, item ce) for the amount of the check, \$15.10. Refer to 212.

JANUARY 31.

He balances his cash—\$43.99 on hand.

Dr.				TRIAL BALANCE, JANUARY, 1902.				Cr.			
	CB	Cash	\$ 43.99	Plate	61	J. Fox	\$ 9984.53				
Plate	62	Clovermead	9600.00	"	65	Bills Payable	1500.00				
"	70	Expense	325.74	"	69	Production	2029.30				
"	72	Feed	364.71								
"	74	Implements	754.00								
"	78	Wise	138.60								
"	80	Labor	83.25								
"	82	Interest	115.80								
"	84	Taxes	65.28								
"	88	First Nat. Bk.	2022.46								
			\$13513.83				\$13513.83				

HOW TO KEEP FARM ACCOUNTS.

In February 1902 Cash Plate 48				
da	1	Balance		43 99
db	7 89	First Nat Bank	CK #6	10 00
dc	7 89	Do	" 7	15 00
dd	7 89	Do	" 8	15 00
de	10 89	Do	" 9	29 25
df	5 65	Bills Payable	to First Nat Bank	530 00
		40 acres @ \$2.25, Mortgage to		
		First Nat Bank for 20 years		
		at 5% Bank to receive		
		payment for all or any part		
		of principal or any		
		interest due after 10 years		
dg	27 89	First Nat Bank	CK #10	25 00
dh				3468 24

TRANSACTIONS FOR FEBRUARY, 1902.

FEBRUARY 1.

Cash on hand \$43.99.

FEBRUARY 2.

He gives Ed Wise check for \$10.00. He has the shoes sharpened and reset on Jack and Jim for which he pays \$1.40 in cash.

First.—Wise charged with check (Plate 49, item ca). See 178.

Second.—Bank credited for this check (Plate 48, item db).

Refer to 213.

Third.—Shoeing is Expense and paid in cash (Plate 48, item cb). Refer to 163.

FEBRUARY 7.

He buys a Bob Sled, \$15.00, also buys a ton each of Bran, \$21.00, and Middlings, \$24.00, giving check for same. The Bank gives him his cancelled checks for January.

99. First.—Bob Sled charged to Implements (Plate 49, item cc). Refer to 173.

Second.—Bran and Middlings charged to Feed (Plate 49, item cd). See 168.

Third.—Bank is credited for both checks No. 7 and No. 8—given in payment for the Bob Sled and the Feed (Plate 48, items de and dd). See 213.

HOW TO KEEP FARM ACCOUNTS.

Plate 49 February 1902 Cash Cr

ca	2	78	Ed Wise	On acct	CK#6		10	00
eb	2	70	Expense	Shoeing	Cy		1	40
ce	7	74	Implements	Bobbed	CK#7		15	00
ed	7	72	Feed	Brn 1 ton 21 ⁰⁰	" 8		45	00
				Middling 1 ton 24 ⁰⁰				
ce	10	70	Expense	Clover Seed 4 1/2 bu. @ 6 ⁵⁰	CK#9		29	25
cf	15	62	Clovermead	Winn Farm 40 acres			330	00
				adjoining @ 82 ⁵⁰				
cg	27	70	Expense	2000 Tile 4 inch @ 12 ⁵⁰	CK#10		25	00
ch	28		Balance				42	59
ci							3468	24

About Cancelled Checks, see remarks after Plates 88 and 89.

FEBRUARY 10.

4 1/2 bushels Clover Seed costs \$6.50 a bushel.

100. First.—Expense (plate 49, item ce). Refer to 162.

Second.—Credit the Bank for amount of check (Plate 48, item da). See 213.

FEBRUARY 15.

He has long wanted the 40 acres originally a part of Clovermead Farm, and buys it for \$82.50 an acre. The First National Bank loans him the money at 5% on ten years' time, agreeing to accept payment of the whole or any part of principal on any interest day after five years. He secures the Bank by mortgage.

101. Charge Clovermead Farm with the amount of the mortgage given to the Bank (Plate 49, item cf). Refer to 117 and 119.

Second.—Credit Bills Payable for the mortgage (Plate 48, item df). See 139.

FEBRUARY 27.

He pays for 2,000 four-inch tile at \$12.50 a thousand. Check No. 10.

102. First.—Expense (Plate 49, item cg). See 161 and 162.

Second.—Credit Bank for check No. 10 (Plate 48, item dg). Refer to 213.

FEBRUARY 28.

Cash balance amounts to \$42.59.

HOW TO KEEP FARM ACCOUNTS.

Dr.		TRIAL BALANCE, FEBRUARY, 1902.				Cr.	
	CB	Cash	\$ 42	59	Plate 61	J. Fox	\$ 9984 53
Plate	62	Clovermead	12900	00	" 65	Bills Payable	4800 00
"	70	Expense	381	39	" 69	Production	2029 30
"	72	Feed	409	71			
"	74	Implements	760	00			
"	78	E. Wise	148	60			
"	80	Labor	83	25			
"	82	Interest	115	80			
"	84	Taxes	65	28			
"	88	First Nat. Bk.	1898	21			
			\$16813	83			\$16813 83

Transactions for March, 1902

HOW TO KEEP FARM ACCOUNTS.

Dr March 1902 Cash Plate 52

da	1		Balance			42	59
db	2	89	First Nat Bank	Ch [#] 4		20	00
de	9	89	Do	" 12		4	50
dd	20	89	Do	" 13		27	00
de	31	79	Ed Wise Thru 11 mos @ 25 ⁰⁰			275	00
df	31	61	J Fox Advance for year's services			600	00
dg						969	09

TRANSACTIONS FOR MARCH, 1902.

MARCH 1.

Cash on hand \$42.59. The Bank sends him his cancelled checks for February

MARCH 2

He gives Ed. Wise check for \$20.00.

First.—Charge or debit Wise (Plate 53, item ea). See 178.

Second.—Credit the Bank for the check (Plate 52, item db). See 213.

MARCH 9.

He buys a pair of rubber boots for himself, \$4.50, and gives check for same.

First.—Debit or charge Fox for the amount of check (Plate 53, item eb). See 110.

Second.—Credit Bank (Plate 52, item de). See 213.

MARCH 20.

1,000 feet of Lumber cost \$27.00, and he gives check for it.

103. First.—Expense is debited (Plate 53, item ec). See 162.

Second.—Bank credited (Plate 52, item dd). Refer to 213.

MARCH 31

104. It is the last day of the year, and, wishing to close the Ledger, he gives Ed. Wise credit for eleven months' labor, as per contract, at \$300.00 a year, and also credits himself with what he thinks is a fair valuation for his services (\$600.00) for the year. He also takes an inventory and balances his cash for the month. Cash on hand, \$42.59.

105. If we have a man hired by the year, we open an account with him, and charge him for the money we pay him from time to time. Then, at the end of the year we credit him with his wages for the year, and charge it to labor.

HOW TO KEEP FARM ACCOUNTS.

Plate 53 March 1902 Cash Cr

ca	2	78	Ed Wise	Draces	CK #11			20	00
cb	9	60	J Fox	Rubber Boots	" 12			4	50
cc	20	70	Expense	1000 ft Lumber	" 13			27	00
cd	31	80	Labor	Wise 11 mo wages	275 ⁰⁰			875	00
				J Fox Drages	600 ⁰⁰				
*ce	31		Balance					42	59
cf								969	09

Fox, wishing to close his books, now credits Wise for the 11 months wages (Plate 52, item de) and also credits himself for what he thinks the farmstead should pay him (Plate 52, item df). The amount credited to Wise (\$275.00) and himself (\$600.00) should now be debited to Labor, and this he does (Plate 53, item cd). Refer to 180 and 114, also 184.

Dr.				TRIAL BALANCE, MARCH, 1902.				Cr.			
	CB	Cash	\$ 42 59	Plate	61	J. Fox	\$10580 03				
Plate	62	Clovermead	12000 00								
"	70	Expense	408 39	"	65	Bills Payable	4800 00				
"	72	Feed	409 71	"	69	Production	2020 30				
"	74	Implements	760 00	"	79	Ed. Wise	100 40				
"	80	Labor	958 25								
"	82	Interest	115 80								
"	84	Taxes	65 28								
"	88	First Nat. Bk.	1846 71								
			\$17515 73				\$17515 73				

105½. The Cash Book now posted for the year, the Trial Balance is as given above. The books are in balance, and his cash on hand is \$42.59, which will be the first entry on his cash account for April, when he begins his new Ledger for the coming year. For further instructions on what to do at the end of the year, refer to the Chapter on "The End of the Year," which immediately follows the Ledger accounts.

Part Six
THE LEDGER

HOW TO KEEP FARM ACCOUNTS.

<i>Dr</i>		<i>John Fox</i>	<i>Plate 60</i>	
1901				
Aug	15	Coal	25	57 50
Sept	10	Wife C _y	29	20 00
Oct	25	Citatoes	33	9 00
Dec	8	Hogs	41	38 28
"	15	Wife C _y 50 ⁰⁰ Self C _y 47 ⁰⁰	41	97 00
"	23	Self C _k	41	10 00
1902				
Aug	12	Self C _k	45	30 00
Mar	19	" "	53	4 50
"	31	Total Balance		12703 60
			\$	12969 88

THE PROPRIETORS ACCOUNT.

106. This account represents the owners interest in the farm. It shows the amount of his investment in the beginning, the additional investments he makes and what he withdraws. It also shows at the time of closing how much he has gained or lost and his net capital or net insolvency.

107. This is true whether there be but one proprietor or several, but when two or more persons unite in conducting a business it is called a partnership. In cases of partnership, an account is opened with each of the partners, and each of them credited for what he puts into the business and debited for what he withdraws.

108. Usually, if one proprietor, or several, two accounts are opened with each. One showing the investment and the other (private account) showing what he draws for personal use and his salary, if any. But for ordinary farm purposes two accounts are not necessary. In this set the proprietor's account includes his personal account as well, and at the end of the year, he is credited with the salary to which he thinks he is entitled and the net gain. If a partnership, each partner's account would be kept in the same manner—the division of the net gain or net loss

[illegible]

DEBIT.	CREDIT.
<p>109. For all the capital he withdraws from the business.</p> <p>110. For all cash he may draw or products he takes from time to time, for his personal use.</p> <p>111. For his net loss as shown by the Loss and Gain account at the end of the year.</p>	<p>112. For his net investment at the beginning of business which is found by deducting the sum total of his Liabilities from the sum total of his Resources.</p> <p>113. For all additional investments.</p> <p>114. For salary allowed, if any.</p> <p>115. For his net gain as shown by the Loss and Gain account at the end of the year.</p>

116. After all the accounts in the Ledger showing losses and gains have been closed into the Loss and Gain account—debit

or credit this account for the net loss or net gain, as shown by the Loss and Gain account. Now, find the difference between the two sides. If the credit side is the larger, write on the debit side in red ink "To Balance" and the amount of the difference which will make the account balance. Then, rule the closing lines with red ink and enter in black ink the total amounts between them. After which, write on the credit side just below the closing lines in black ink the date beginning the new year, and the amount of the difference between the sides of the account which is the Present Worth.

Refer to Plate 61 and 62 and you will see that the net gain of Fox is \$2,123.57 which we credit to him, and then, to balance the account we write in red ink on the debit side the difference between the sides, i. e.: \$12,703.60 and the words "To Balance." We then rule the closing lines and bring down on the credit side in black ink the date and the amount, \$12,703.60—which is his "Present Worth" at this time.

HOW TO KEEP FARM ACCOUNTS.

<i>Dr</i>		<i>Clovermead Farm</i>	<i>Plate 62</i>
1901			
Apr	1	Farmstead Inventory	9 9600.00
1902			
Feb	15	Wagon Ho. Adjoining Clovermead	49 3300.00
			12900.00
1902			
Apr	1	To Balance	12900.00

THE FARMSTEAD.

117. This account is in some respects equivalent to the capital stock account of a corporation. The proprietors account represents the owner's interest in the business, and this, the business itself. The principal difference is, that this account continues to stand untouched from year to year unless we add more acreage to the farm or sell from it a part. Therefore, the farmstead account should be debited and credited as follows:

DEBIT.	CREDIT.
118. At the beginning for what it costs us.	120. For what we sell from it.
119. For all additional land which we buy to include in its acreage.	

REAL ESTATE.

121. Perhaps you may own other farms beside the one you work, or it may be property in town. You rent them and wanting to know what they pay you on the investment, you open an account with each. In such cases it is best to enter them by name, such as

DEBIT.	CREDIT.
122. When books are opened for value.	126. For all rentals.
123. For all improvement.	127. For the amount it brings if you sell it.
124. For all taxes.	
125. For all insurance.	

128. To close; write on the credit side, in red ink, "By Inventory" for the amount of valuation. The amount the credit side exceeds the debit is the gain, and next, write on the debit side, in red ink, "To Loss and Gain" for amount of the gain. Rule the closing lines and enter the totals between them. Next, write in black ink under the closing lines on the debit side "To Inventory" and the amount of valuation. Carrying the amount of gain to the debit side of "Loss" "Gain" account, writing in black ink, "By Beechwood Farm" and amount gained.

99

BUILDING AND IMPROVEMENTS.

129. "The rule of law is, and for centuries has been, that whosoever owns land owns all there is above it and all there is below it. Naturally then, when buying or selling farms all buildings and everything fairly belonging to them go with the farm. In general, whatever the owner of the farm fastens to the ground or to a building is a fixture and he sells it when he sells the farm."—Parson's Laws of Business.

Therefore, after a farm is improved, having good fences, is well tiled, and with satisfactory buildings, the small annual expenditures to maintain the farmstead might as well be charged to "Expense" unless there is some specific reason for doing otherwise.

But if your farm is unimproved and a new house, barn, fences and tiling is needed or anticipated, an account should be opened for "Building and Improvements" and all money paid for such items should be charged to it. Then at the end of the year when the books are closed this account should be credited "By Inventory" for the sum total of the debit side of the account, less a certain percentage, say ten, which should be charged to the "Loss and Gain" account each year for depreciation. By doing this the first cost of building and improvements, which, of course, will constantly depreciate, is distributed equally for a period of years.

If Fox, in the illustration given herein, had had a "Building and Improvements" account, the proper entry for the Stock Scales he bought July 22d (Plate 21, item cb) would have been to charge them to that account instead of "Expense," but as his farm is improved, it is better in such cases to call items a loss at once than to open an account on purpose for them. However, this is a matter of opinion, and the disposition of such items must be decided by the owner of the farm.

When you have a "Building and Improvements" account you should debit and credit as follows:

HOW TO KEEP FARM ACCOUNTS.

DEBIT.	CREDIT.
130. For the value of the buildings and improvements as shown by the inventory.	133. At the end of the year "By Inventory" for the sum total of the debit side less a certain percentage, say ten, for annual depreciation.
131. For the cost of any buildings or improvements we may build or put in during the year.	134. By Loss and Gain for the difference between the sides. (See below.)
132. For all repairs we have made on buildings.	

AT THE END OF THE YEAR.

135. To close this account: After having decided what per cent. of depreciation you are going to charge annually for "wear and tear" or having estimated their present value, write on the credit side in red ink "By Inventory" and the amount.

Now find the difference between the sides, and the amount the debit exceeds the credit side will be a loss which enter on the credit side in red ink "By Loss and Gain" and the amount of difference which will make the account balance.

Rule the closing lines and enter the totals between them in black ink.

Next, write on the debit side below the closing lines, in black ink, "To Inventory" and bring down the amount credited when the account was closed.

Now, carry the amount lost over to the "Loss and Gain" account, writing on the debit side of that account in black ink "To Building and Improvements" for the amount lost.

[illegible]

BILLS PAYABLE.

136. This is an account of the notes we give to others, hence Bills Payable, because we have to pay them. Whenever we give a note we credit Bills Payable, and when we pay that note, we debit Bills Payable. From this you will understand that the difference between the two sides of this account should at all times agree with the amount of notes we owe. Therefore:

DEBIT.	CREDIT.
137. When we pay any note or notes we owe.	138. At the commencement of business with all the notes we owe.
	139. For all notes we give to other parties, made by us payable to them.

AT THE END OF THE YEAR.

140. In closing this account at the end of the year, find the difference between the sides and then write on the debit side, in red ink, "To Balance" for the difference which will make the account balance. Rule the closing lines and enter in black ink the total amount between them. Next write on the credit side below the closing lines "By Balance" in black ink for the difference between the sides of the account which should exactly agree with the amount of notes we owe. (See Plates 64 and 65.)

This account is never closed unless it balances or it is necessary to forward to a new page. As the farmer will find it best

Plate 65 Bills Payable Cr

1901							
Apr	1	First Ntl Bank	Mortgage	8	2000.00		
1902							
Feb	15	First Ntl Bank	Mortgage	48	3300.00		
					*5300.00		
1902							
Apr	1	By Balance			4800.00		

to have a new Ledger each year this account is closed as above at the end of the year.

When transferring the balance to the new Ledger, be sure you enter the balance on the credit side. In transferring any account enter the balance on the side of the new account upon which it was brought down on the old.

141. WHEN YOU PAY YOUR NOTES SECURED BY MORTGAGE.—The notes Fox has given to the First National Bank are secured by mortgage. When paying notes thus secured, as he did January 2nd, (See Plate 64) he doesn't destroy them when paid, but keeps them until all are taken up, for it is absolutely necessary they be kept until the mortgage is discharged.

142. TIME OR SIGHT DRAFTS.—These are, technically speaking, "Bills Payable" and you will not under ordinary circumstances have much to do with drafts, but if a draft should be made on you for one, three or five days sight and you accept it—when paid charge the person making it as it is a cash transaction. For instance: If you write Clay Robinson & Co. to send you a car load of "feeders" or "stockers," charge the amount of their draft on you to your Production or Live Stock account, writing in the explanation column of your Cash Book the details of the transaction.

<i>Dr</i>		<i>Bills Receivable</i>	<i>Plate 66</i>	
<i>1901</i>				
<i>Apr 1</i>		<i>1000000 Note due 7/1/01 Int 6%</i>	<i>9</i>	<i>7000</i>

BILLS RECEIVABLE.

143. If you loan money or sell any of your farm products taking a note for the amount, it is receivable by you, and consequently must be debited to Bills Receivable. You take notes for two reasons: In case of legal proceedings you do not have to prove the account, or if needing money you can have them discounted at your bank. In the beginning

DEBIT.	CREDIT.
144. For all notes you have on hand payable to you.	147. When any of the notes you hold are paid.
145. For all notes you get from others made or accepted in your favor.	148. For all notes you have discounted or sell.
146. For all notes made payable to others and transferred by them to you.	149. For all notes you endorse over to other parties.

AT THE END OF THE YEAR.

150. This account like Bills Payable, is never closed in actual business unless it balances or it is necessary to forward to a new page. On the farm it is advisable to open a new Ledger each year, therefore, the account is closed at the end of the year as follows:

Find the difference between the sides and write on the credit side "By Balance" for this difference which will make it balance. Then rule the closing lines and enter the total amounts between them. Next write on the debit side beneath the closing lines in black ink "To Balance" for the amount of the difference which

Plate 67 Bills Receivable Cr

1901					
July 15	W Wood		70		70.00

should exactly agree with the amount of notes you have on hand. In transferring this balance to a new page or a new Ledger it must always be entered on the same side—the debit.

151. If the maker of a note cannot pay it in full when due, but makes a part payment, credit “Bills Receivable” for what he pays and endorse on the back of the note the amount received.

152. If he wants to renew it, simply debit “Bills Receivable” for the new note you get and credit “Bills Receivable” for the old note you surrender to him.

153. When you discount a note—credit “Bills Payable” for the face of the note and charge the discount deducted by the bank to “Interest.”

154. Notes are always debited or credited at face value.

[illegible]

PRODUCTION.

155. As simplicity in the first essential in account keeping on the farm, after accuracy, it is necessary to lessen the number of accounts opened in the Ledger as far as practicable. The merchant credits his "Merchandise" account for the amount of his sales, the manufacturer credits them to "Manufacturing." The farmer can be likened to the manufacturer because he is a producer and either grows or finishes the products of his farm. The most comprehensive title for his sales is "Production." It isn't a simple matter to keep an account with each field. Much guessing or weighing must be done to do this, and the details soon grow irksome with no practical results at the end of the year to show for the extra work required. In the end it all goes into the Production account anyway, so there's mighty little argument to present for separate accounts with the different products and kinds of stock. But the simplicity of crediting all sales to Production

HOW TO KEEP FARM ACCOUNTS.

<i>Debit</i>		<i>Production</i>	<i>Cr</i>	
1901				
Apr	1	First Corn	8	15 00
"	9	" "	8	12 00
June	7	Wool Last Sheep	16	15 40
"	8	Wool	16	116 16
"	24	Hogs	16	248 40
Aug	30	Wheat	24	640 00
Oct	15	Hogs	32	249 38
"	25	Potatoes	32	67 50
"	25	"	32	18 00
Nov	15	Lambs	36	630 63
"	20	Hogs	36	392 70
"	29	Corn	36	960 00
Dec	5	Hogs	40	39 60
"	8	"	40	38 28
1902				
Mar	31	By Inventory		2014 20
				\$ 5456 95

is clear to every one. (See paragraph 48 for further remarks relating to this subject.)

In beginning, all live-stock and products are charged to this account. At the end of the year it is credited with what is on hand, the difference between the two sides showing the sales for the year. Then this difference carried to the Loss and Gain account is opposite the items showing the expenses of operating the farm and the difference between them shows the net results of the gain or loss of the farmstead's management for the year. This is the practical side of farm accounting, therefore, we debit and credit the Production account as follows:

DEBIT.	CREDIT.
156. In the beginning for all grain, hay and live-stock of every kind we have on hand at the market price of each.	158. For everything sold we raise on the farm.
157. For all live-stock we buy during the year.	159. For all live-stock sold either grown or bought to feed and fatten.

AT THE END OF THE YEAR.

160. To close this account: We write on the credit side, in red ink, the amount of all stock and produce we have on hand as shown by the inventory. Then find the difference between the two sides, and the amount the credit side exceeds the debit will be the gain or amount of sales for the year. Next write on the debit side, in red ink, "To Loss and Gain" for amount gained or difference between the sides which makes the account balance. Now, rule the closing lines and enter the total amounts between them, after which write on the debit side below the closing lines, the date, "To Inventory" and the amount of the inventory all in black ink. (See Plates 68 and 69 as an example.)

After closing the account as above, the amount gained (in the example given \$4,043.50) is carried to the credit side of the Loss and Gain account (See Plate 91) writing on the credit side of that account, in black ink, "By Production" and the amount gained.

HOW TO KEEP FARM ACCOUNTS.

Ln		Expense	Rate 70	
1901				
May	7	Fed Potatoes	13	16 10
"	5	Stationary	13	6 25
"	25	Stallion Service	13	40 00
June	7	Drift	17	10
"	8	Mendries	17	3 60
July	20	Advertising	21	11 36
"	22	Scales	21	65 00
Aug	23	Threshing	25	24 00
"	28	Nails	25	2 70
Sept	5	Fertilizer	29	45 00
"	7	Fed Wheat	29	37 60
"	18	Freight	29	2 56
"	20	Timothy Fed	29	8 00
Nov	23	Husker Shredder	37	50 00
Dec	10	Shoeing	41	4 75
"	18	Mendries	41	8 72
1902				
Feb	7	Shoeing	49	1 40
"	10	Clown Fed	49	29 25
"	27	Fills	49	28 00
Mar	20	Lumber	53	27 00
				408 89

EXPENSE.

161. No business can be conducted without some expense, and in keeping the farmstead up to the highest plane of its earning capacity there are numerous items which must be charged to this account during the year. As a general rule all items are a loss which go into general improvements or that cannot be inventoried at the end of the year, and should be charged to this account, therefore, we debit and credit it as follows:

[illegible]111

AT THE END OF THE YEAR.

165. In closing this account find the difference between the sides, if anything has been credited, if not, write on the credit side, in red ink, "By Loss and Gain" and the amount to make the account balance. Now, rule the closing lines and enter the amount in black ink between them. Next, write on the debit side of the Loss and Gain account "To Expense" for the amount of loss. For an example refer to Plate 70 and 71 and look up the Loss and Gain account (Plates 90 and 91).

HOW TO KEEP FARM ACCOUNTS.

Dr		Feed	Date		72
1901					
Apr	1	Inventory	9	25	86
May	3	Middlings & Salt	13	47	50
July	28	Oats	21	32	00
Aug	28	Lingard's Meal	25	13	5
Oct	8	Middlings	20	48	00
Nov	15	Corn	37	150	00
Dec	18	Oats	21	60	00
1902					
Feb	7	Middlings & Bran	49	45	00
				409	71
1902					
Apr	1	To Inventory		74	10

FEED.

166. This could be included in the Expense account, but as most stockmen and farmers will want to know how much they pay out for feed during the year it is best that an account be opened with it.

DEBIT.	CREDIT.
<p>167. For all feed on hand at the commencement as shown by the inventory.</p> <p>168. For all that we buy during the year.</p>	<p>169. For any feed we sell which had been previously charged to this account.</p>

[illegible]

AT THE END OF THE YEAR.

170. To close this account at the end of the year, write on the credit side, in red ink, "By Inventory" for the value of the feed we have on hand. Find the difference between the two sides and write on the credit side, in red ink, "By Loss and Gain" for that difference, which will make the account balance. Rule the closing lines and write between them in black ink the totals. Next bring down the amount of inventory in black ink on the debit side, writing the date and "To Inventory." Then enter on the debit side of the "Loss and Gain" account "To Feed" for the amount of Loss on this account. (See Plates 72 and 73 and refer to Plate 90.

HOW TO KEEP FARM ACCOUNTS.

<i>I</i>		<i>Expenditures</i>	<i>Balance</i>
1901			
Apr	1	Inventory	739.00
May	10	Chgo Sheep Shearing Machine	15.00
1902			
Feb	7	Bob Laid	15.00
			769.00
1902			
Apr	1	To Inventory	732.46

IMPLEMENTS.

171. Implements on the farm are the same as the tools and appliances of the manufacturer. They are a visible asset and their worth depends greatly on the care taken of them. It is customary among manufacturers to deduct from their inventory of machinery a certain per cent. for "wear and tear." This of course depends on its condition and also whether it is of a style and pattern not superseded by one later and much more desirable. But the per cent. deducted for depreciation must be decided by the farmer himself. No hard and fast rules can be laid down for that. This account is debited and credited as follows:

DEBIT.	CREDIT.
172. For the amount on hand as shown by the inventory at the beginning of business.	174. For all that we sell.
173. For all we buy during the year.	175. For amount on hand as shown by inventory at the end of the year.

AT THE END OF THE YEAR.

HOW TO KEEP FARM ACCOUNTS.

Dr		Ed Wise	Plate 78	
1901				
June	28	Cy	17	2000
Aug	3	"	25	1000
Oct	3	"	33	1000
"	25	Patatoes	33	920
Dec	5	Wage	41	3960
"	23	CK	41	5000
1902				
Feb	2	CK	49	1000
Mar	2	CK	52	2000
"	31	To Balance		10640
				27500

FARM HELP.

177. It isn't necessary to open an account with the different men employed on the farm by the day. That should be charged to the Labor Account. But if we hire a man or men by the year then a separate account should be opened for each and all money paid to them from time to time charged direct to them, and the wages allowed each credited to them at the end of the year. The example of the Wise account (Plates 78 and 79) show how an account should be kept when we hire a man by the year. Accounts of this nature are debited and credited as follows:

DEBIT.	CREDIT.
<p>178. For the amounts we pay him from time to time.</p> <p>179. For all farm products taken in lieu of cash on account during the year.</p>	<p>180. At the end of the year for amount of wages agreed on.</p>

HOW TO KEEP FARM ACCOUNTS.

<i>Dr</i>		<i>Labor</i>	<i>Plate 80</i>	
1901				
Apr 25	Wise	9	1500	
June 22	Eden & Dye	17	1200	
July 28	Betta	29	1250	
Oct 30	"	33	1875	
Nov 20	Betta & Betta	37	2500	
1902				
Mar 31	Sundry	53	875.00	
			958.25	

LABOR.

182. As previously explained under the account preceding this (Farm Help) we open an account for each man employed on the farm by the year, and also a Labor account to which we charge all sundry help hired from time to time.

DEBIT.	CREDIT.
<p>183. For all wages paid sundry help from time to time during the year.</p> <p>184. At the end of the year for the wages we agree to pay the men whom we hire by the year and with whom we have opened separate accounts. (See Wise, Plate 79. Fox, Plate 61, and Cash Book for March, 1902, Plates 52 and 53, items de, df, and ed.</p>	

HOW TO KEEP FARM ACCOUNTS.

<i>D</i>	<i>Interest</i>	<i>Rate 8%</i>
1902		
Jan 7	On Mortgage	45 12000
		\$ 120 00

INTEREST.

186. If we have interest to pay or hold notes which draw interest we must open an account with it. Then it will show us at the end of the year what we are paying for the use of money borrowed or what our loans are paying us.

DEBIT.	CREDIT.
<p>187. For any interest we pay.</p> <p>188. For any discount the bank deducts from the face of notes we have discounted.</p>	<p>189. For any interest we receive on notes we hold.</p>

HOW TO KEEP FARM ACCOUNTS.

Plate 83		Interest	Cr	
1901				
July	15	Wood	20	4 20
1902				
Mar	31	By Loss & Gain	90	115 80
				120 00

AT THE END OF THE YEAR.

190. To close this account we find the difference between the two sides. If the credit side is larger, we write in red ink on the debit side "To Loss and Gain" which is gain on interest. If the debit side be the larger, we write, in red ink on the credit side "By Loss and Gain" which is loss on interest. This makes the account balance. Now, rule the closing lines and enter, if there be a loss, on the debit side of the Loss and Gain account the amount lost, or if there be a gain, on the credit side of the Loss and Gain account the amount gained. (See Plates 82, 83 and 90.)

191. DISCOUNT.—As discount is simply another name for interest it is useless to open a separate account for it, but call interest and discount the same and debit or credit both to the Interest account.

192. ENTRY TO MAKE OF NOTES YOU HAVE DISCOUNTED.—Sometimes when in need of money we have a note discounted at the bank. If you do this, don't forget to credit "Bills Receivable" for the full face of the note and debit Interest for the discount deducted by the bank. Then, if this amount has been placed to your credit in the bank, debit the bank for the amount you receive or the proceeds of the note.

HOW TO KEEP FARM ACCOUNTS.

<i>Dr</i>		<i>Taxes & Insurance</i>	<i>Credit</i>	
1901				
June 20		Taxes June	17	3264
1902				
Jan 30		Insur. December	45	3264
				6528

TAXES AND INSURANCE.

193. It is a matter of gratification to know what our Taxes and Insurance amount to for the year. All we pay out for either should be charged to this account.

DEBIT.	CREDIT.
194. For all we pay for Insurance or Taxes.	

AT THE END OF THE YEAR.

195. To close, write in red ink, on the credit side the date, "By Loss and Gain" and the amount necessary to make the account balance. Then rule the closing lines and enter between them in black ink the totals of each side. (See Plates 84 and 85.) Then carry the amount to the Loss and Gain account, entering it on the debit side of that account as shown (Plate 90).

196. **INSURANCE.**—Every farmer and stockman is vitally interested in Insurance that really insures. And very fortunate it is, too, that there is insurance, in such form as to keep him in direct touch with it, and his interests mutual with his fellows. Of late, it is almost an impossibility to insure farm property in some states in good Stock Companies, but the Farmer's Mutual

HOW TO KEEP FARM ACCOUNTS.

<i>Plate 85</i>		<i>Taxes & Insurance</i>		<i>Cr</i>	
1902					
Mar 21		<i>By Loss & Gain</i>	90	6528	
				6528	

Cos. are really safer and much more desirable in every respect then, too, the cost is less. Of the 109 Mutual Companies writing insurance in Ohio in 1899, twenty-five of them made no assessments and eight had no losses! The average saving of the Mutuals in comparison with the Stock Companies has averaged 33 cents on every \$1.00 of insurance written on the three year term plan. This is a consideration worth taking advantage of for "it's the little leaks in business that eat up the profits," and it's the little things on the farm that tend to increase them. No really good business man neglects to insure, and no farmer can afford to carry the risk of fire himself. Every intelligent farmer understands this and should encourage his county organization. If there was one-half the unity of purpose and well-directed effort on the part of the farmers, as a whole, as there is among other business men, much that they now desire and should have would be their's. Stand by your organization and don't be afraid, as the Rural New Yorker says, "To use the postage stamp on your representatives and Congressmen to have laws passed and enforced which will help you, and those repealed that are not favorable to the best interests of agriculture."

HOW TO KEEP FARM ACCOUNTS.

<i>Dr</i>		<i>C. H. & D. R. R.</i>		<i>Rate 86</i>	
<i>1401</i>					
<i>June 2</i>	<i>✓</i>	<i>Loss 48 10 This amount</i>		<i>17</i>	<i>15 10</i>

ACCOUNTS WITH PERSONS TO WHOM WE SELL PRODUCE.

197. The farmer usually sells his products for cash. But when anything is sold on time, an account should be opened with the person sold. Then all products sold him must be charged to him and all payments made by him credited to him. This account against the C. H. & D. R. R. is equivalent to a personal account, as we have charged the R. R. Co., for the amount of seed corn lost while in their hands, and have given them credit for their check when it was paid. Accounts of this nature are treated as follows:

DEBIT.	CREDIT.
198. For the amount they owe us when we open our books.	200. For all cash they pay us on account.
199. For all we sell them on account.	201. For any produce they return on account.
	202. For all notes they give us in settlement of account or to apply on account.

AT THE END OF THE YEAR.

203. To close, at the end of the year, or when we want to transfer to a new page, find the difference between the two sides, and if the debit side be the larger, write on the credit side, in red ink, "By Balance" for the amount of the difference. This makes the account balance after which rule the closing lines and enter between them the totals in black ink carrying the amount necessary to make the account balance, forward to the new page or to the new Ledger, writing on the debit side in black ink the date—"To Balance" and the amount, writing on the old page

HOW TO KEEP FARM ACCOUNTS.

<i>Plate 87</i>		<i>CHORD</i>		<i>Cr</i>	
<i>1902</i>					
<i>Jan 22</i>	<i>Cr</i>		<i>44</i>	<i>15</i>	<i>10</i>

"To" and on the new page or new Ledger "From" which the amount was transferred.

If the credit side is larger then the "shoe is on the other foot," and you will write on the debit side in red ink, "To Balance" and amount of difference between the sides which will make the account balance, rule the closing lines, enter the totals and carry forward the amount used to balance to the new page or the new ledger writing on the credit side of the new account in black ink, the date, "By Balance" and the amount.

When carrying forward an account to a new page or a new Ledger do not forget to write on the old page "To" which and on the new page "From" which the account has been transferred.

ACCOUNTS WITH PERSONS FROM WHOM WE BUY GOODS.

204. These are practically the same as the accounts we keep with persons to whom we sell on account, and we debit and credit as follows:

DEBIT.	CREDIT.
205. For all cash we pay on account.	208. For what we owe them when we open our books.
206. For all goods we return on account.	209. For all we buy from them from time to time.
207. For all notes we give in full or part payment of account.	

AT THE END OF THE YEAR.

210. These accounts are balanced and carried forward the same as explained under the head of "Accounts With Persons To Whom We Sell Produce" just preceding this, which see.

211. It isn't necessary to open an account with your Bank in the Ledger. It can be carried along in the Check Book, but taking everything in consideration it is preferable to have it in the Ledger on the farm. Each check given should be numbered (in rotation of course) no matter where you begin, 1 or 300, and that number should go in the Cash Book and be posted to the Ledger (See Plate 89). Then, when the Bank hands you your cancelled checks, compare them with what you have given out, checking each one on the Ledger. You know then, just what checks have been presented for payment at the bank.

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HOW TO KEEP FARM ACCOUNTS.

Date & First National Bank			Cr	
1901				
Dec	23	CR # 1	40	50 00
"	23	" 2	40	10 00
1902				
Jan	2	" 3	44	62 00
"	12	" 4	44	30 00
"	30	" 5	44	32 64
Feb	2	" 6	48	10 00
"	7	" 7	48	15 00
"	7	" 8	48	45 00
"	10	" 9	48	29 35
"	27	" 10	48	25 00
Mar	2	" 11	52	20 00
"	9	" 12	52	45 00
"	20	" 13	52	27 00
"	31	By Balance		1846 71
				2765 10

214. To balance, proceed exactly as you would with an account with a person to whom you sell on credit as explained under "Accounts With Persons to Whom We Sell Produce" for the principles are the same in both.

215. BANKS—Banks are a convenience the business farmer can't afford to ignore. They are, for him, safe places for the keeping of money, securities and other valuable paper. The payment of his bills, too, is more convenient by check than with currency, and the checks when returned by the bank are valuable as receipts. Banks sometimes become insolvent, it is true, but there are safe and conservative banks in every county seat, or perhaps in a town still nearer to you. Select your banker as you would a friend. Be frank with him and never test his generosity by allowing your check to be presented for a larger sum than your balance. If you do this your relations will be pleasant, and if in need of money to move a crop or carry the cattle, sheep and hogs you are feeding to a finish, you can secure it from him at reasonable rates, providing, of course, you have proven yourself to be a man of character and business ability. Then, too, there are many

HOW TO KEEP FARM ACCOUNTS.

"don'ts" in business, and if you have selected your banker, as you should, he is the man to go to for advice if in doubt about any business transaction. Assuming that you have a bank account, and that you have left your bank book with them, as you do once a month to have it "written-up" when it is returned to you the balance shown by it should agree with the balance shown by the account you keep with the bank in your Ledger or check book unless some of the checks you have given out haven't been presented for payment. When your book is handed to you with the checks presented for payment during the month, stamped paid, compare these cancelled checks with those you've made, and you will know just what checks are still out. This is where the importance of numbering each check is found and why it is best to have a bank account in the Ledger intended for farm use.

HOW TO KEEP FARM ACCOUNTS.

		Loss & Gain	Plate 90	
1902				
Mar	31	To balance	71	40839
"	31	" Feed	73	33561
"	31	" Implement	75	366
"	31	" Labor	81	95823
"	31	" Interest	13	11580
"	31	" Fire Insurance	85	6528
"	31	" J. Fox	60	212357
				4042350

LOSS AND GAIN.

216. This account is kept to show the final summing up of all our losses and gains for the year and is debited and credited as follows:

Debit.	Credit.
217. At the end of the year for all the accounts upon which we have lost during the year.	218. At the end of the year for all accounts upon which we have gained during the year.

AT THE END OF THE YEAR.

219. To close: Find the difference between the two sides. If the debit side be the larger the amount it exceeds the debit is the net gain for the year. If the credit side is the larger, the amount it exceeds the debit side is the net loss for the year. Referring to the example (Plates 90 and 91), the credit is the larger, so we enter the amount it exceeds the debit side, in red ink, on the debit side, the date, and "To J. Fox," after which rule the closing lines and enter between them, in black ink, the total footings. The amount the credit side exceeds the debit is the net gain of Fox for the year, and after this account is closed, we carry this amount of \$2,123.57 to the credit side of the J. Fox account. Then to find his present worth, proceed as explained under the head of "Proprietor's Account" and illustrated by Plate 60 and 61.

220. At the end of the year, when your Ledger is in balance, and you want to close it to ascertain what you have made or lost, proceed as follows:

Second.—Close all accounts in the Ledger upon which losses or gains have been made, as instructed under each.

Third.—Having carried all accounts upon which losses or gains were made into the Loss and Gain account, we close that account as instructed. (Refer to Loss and Gain Account.)

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a gain, balance the account and carry the amount of the gain to the credit side of the Loss and Gain account.

When the Ledger is closed at the end of the year, there must be no open accounts in it, except those which show a Resource or a Liability, and this is also true when the Ledger is opened. But before the Ledger can be closed, an inventory must be taken, and the one taken by Fox, March 31, 1902, to illustrate the principles of farm accounting, as shown in the example given herein follows. Note that the totals of the Production, Feed and Implements on hand are credited to each, as shown on Plates 68, 73 and 75. Full instructions follow each account as to what you are to do after the inventory has been taken and credited to each of the accounts affected.

222. INVENTORY OF CLOVERMEAD FARM, MARCH 31, 1902.

PRODUCTION.		
Bay Team Jack and Jim.....	\$ 100 00	
Bay Mare Queen.....	75 00	
Black Mare Bess.....	60 00	
Two Colts at \$15.00.....	30 00	
Chestnut Mare.....	175 00	
Two Cows at \$35 00.....	70 00	
One Calf	5 00	
15 Poland China Sows at \$12.....	180 00	
1 Berkshire Boar.....	35 00	
98 Shropshire Ewes at \$5.00.....	490 00	
1 Ram	45 00	
1 Ram	35 00	
1 Ram	30 00	
807 bu. Corn at 60c.....	484 20	
40 bu. Potatoes at 50c.....	20 00	
15 tons Clover Hay at \$0.00.....	90 00	
30 bu. Seed Corn at \$1.00.....	30 00	
	<hr/>	
	\$2014 20	
FEED.		
120 bu. Oats at 38c.....	\$ 45 60	
1½ ton Middlings at \$24.00.....	12 00	
¾ ton Bran at \$21.00.....	15 75	
½ bbl. Salt at \$1.50.....	75	
	<hr/>	
	\$ 74 10	
IMPLEMENTS.		
One Wagon	\$ 60 00	
One Farmers' Handy Wagon	39 00	
One Surrey	120 00	
One Buggy	30 00	
One Spring Tooth Harrow.....	14 00	
One Adjustable Harrow	12 00	
One Roller	19 00	
Two Plows at \$15.00.....	30 00	
One Cultivator	40 00	
One Weeder	12 00	
One Corn Planter	27 00	
One Grain Drill	75 00	
One Mower	40 00	
	<hr/>	
Amount up	\$ 568 00	
Brought up	\$ 568 00	
One Cahoon Seeder	3 00	
One Tedder	22 00	
One Corn Sheller	5 00	
One Hay Rake	20 00	
One Hay and Stock Rack.....	12 00	
Two Sets Heavy Harness at \$36.00	72 00	
One Set Light Harness.....	20 00	
Also Axes, Forks, Log Chains, Three Horse Eveners, Wheelbarrows and other Miscellaneous tools about the place	10 00	
	<hr/>	
	\$ 732 00	
Less 30% discount for the "wear and tear" of six years' use	219 60	
	<hr/>	
	\$ 512 40	
One Binder	\$ 100 00	
One Corn Harvester	100 00	
	<hr/>	
	\$ 200 00	
Less 5% for one year's depreciation	10 00	
	<hr/>	
	\$ 190 00	
One Chicago Sheep Shearing Machine	\$ 15 00	
One Bob Sled.....	15 00	
Brought down.....	512 40	
Brought down.....	190 00	
	<hr/>	
	\$ 732 40	
RECAPITULATION.		
Production	\$2014 20	
Feed	74 10	
Implements	\$ 732 40	
	<hr/>	
	\$2820 70	

HOW TO KEEP FARM ACCOUNTS.

THE YEARLY STATEMENT.

223. We keep an account with our farmstead, so that we can tell our actual financial condition at least once a year. After the Ledger is closed, to get the facts before us in a nutshell, we make an annual statement. To keep an account for a number of years, and compare the last with those that precede it, is a great aid to successful farming, because it shows us what branch of our management needs more care and attention. The facts we are able to glean from the statement made up at the end of the year as to our progress, more than pays us for the labor required to keep the Ledger, as it must be kept, to get accurate results. To present these benefits more fully we give the statement as Fox would make it from his Ledger, illustrated in the preceding pages. The statement follows:

ANNUAL STATEMENT OF CLOVERMEAD FARM.

MARCH 31, 1902.

RESOURCES.			LIABILITIES.		
CB	Cash	\$ 42 50	65	Bills Payable	\$ 4800 00
62	Clovermead	12900 00	79	E. Wise	100 40
68	Production	2014 20	61	J. Fox, Present Worth	12703 00
72	Feed	74 10			
74	Implements	732 40			
88	First Nat'l. Bank	1846 71			
		\$17610 00			\$17610 00
LOSSES.			GAINS.		
90	Expense	\$ 408 30	01	Production	\$4043 50
90	Feed	334 61			
90	Implements	36 00			
90	Labor	958 25			
90	Interest	115 80			
90	Taxes and Insurance	65 28			
90	J. Fox, Net Gain	2123 57			
		\$4043 50			\$4043 50

RESOURCES AND LIABILITIES.

224. Of course, you understand, if you have studied the instructions, there are no open accounts in the Ledger at the end

of the year, after the books are closed, except those showing a Resource or a Liability. To make up the annual statement:

(1) Under Resources enter the amount on hand as shown by the Cash Book at the close of the last day of the year. When Fox balanced his cash, March 31st (Plate 53), he had \$42.59 on hand. This is a Resource, and is the first item entered under that head in the statement.

(2) Taking the Ledger (Plate 62), we find "Clovermead" \$12,900.00. This also is a Resource, because anything is a resource of value belonging to us; and by value, we mean cash, or something we could realize the cash for if necessary. And Clovermead Farm, as it is today, would fetch this amount; it's worth that much, hence, a resource.

(3) The next open account is Bills Payable. These are notes we owe, and as everything left standing on the credit side of the Ledger is either a Liability or a Gain, we must decide which of the two it is. This is easy, for we know it isn't a gain, because we owe it; therefore, it's a Liability, and so entered on the statement.

(4) The next account, Production (Plate 68), is a Resource. The inventory taken today (March 31st), at market price for the Stock, Corn, Potatoes and Clover Hay Fox has on hand is \$2,014.20. That is the cash value we could realize for it if sold.

(5) Feed is next (Plate 72). This is also a Resource, for the same reason that the items in the Production account are. Consequently, we enter the amount we have on hand, \$74.10.

(6) Implements follow Feed, and are also a Resource. Inventory shows \$732.40 as their value today, and they, too, are entered.

(7) On Plate 79 we find Wise has \$106.40 due him. A Liability is something we owe. We owe Wise this balance of \$106.40 for wages he left stand during the previous year, so that amount goes under Liabilities.

(8) The next account showing a Resource is the First National Bank. All cash we have, whether on hand or in the bank, is a resource, and the balance Fox has to his credit, \$1,846.71, should be so entered in this statement.

(9) This takes all the open accounts in the Ledger except one—the Proprietor's account—J. Fox. After all the accounts show-

ing the Losses and Gains were closed into the "Loss and Gain" account, and the net gain of Fox credited to his account, his account was balanced and closed, and his Present Worth (Plate 61) of \$12,703.60 is what the business of the Clovermead Farmstead is owing him at this time, therefore, it is a Liability of the business, and by footing both the Resources and Liabilities we find they equal each other. The books are in balance, and a glance at this simple statement, or the statement taken from any Ledger, at the end of the year, will show the owner of the business what cash he has on hand and in bank, who is owing him, either by Bills Receivable or open account, and the amount of grain, live-stock, implements, feed, or anything else he may have of value belonging to him. It also shows him what he owes, and to whom; and his actual and absolute net worth. Further, the Losses and Gains taken from the "Loss and Gain" account (Plates 90 and 91) will show him the total General Expense, the amount of cash paid out for Feed, the percentage of depreciation, charged to Loss and Gain, on his Farm Implements, what amount he paid for Labor, how much his Interest amounted to, and the Taxes and Insurance for the year. The above are entered under "Losses," because they are non-productive accounts—nothing can be realized on them in cash. But under "Gains" we have Production, \$4,043.50; and this amount represents everything having a cash value that left the farm during the entire year—the total sales. Now, \$4,043.50 being the total proceeds of the sales, that amount, less the sum total of the "Losses," will be the net gain of the Proprietor—Fox. The whole cost of conducting this farm for the year, including general "Expense," "Feed," "Labor," "Interest," "Taxes" and "Insurance," and the depreciation of "Implements," was \$1,919.93. By deducting this from the "Gains" (total sales), we have \$2,123.57, or, the net gain of Fox for the year.

The annual statement, then, is the final summing up of the year's business on the farmstead, and is a most valuable guide to every thinking farmer.

225. And now, if we want to know what percentage of net gain Fox made on his investment, add two ciphers to his net gain, as shown by the "Loss and Gain" account, and divide it by the net amount of his investment. Thus: 21235700—1024631 equals a percentage of 20.72.

Part Seven

NUBS OF NOTES

ON

Business Paper, Interest Tables,

Rules Useful When Taking the Farm Inventory,
etc., etc.

BUSINESS PAPER.

226. If you receive a check or draft made payable to the order of the party sending it to you, and he has not endorsed it, it is worthless as far as you are concerned. Return it to the sender for endorsement.

227. Should you have endorsed it before noticing the sender's failure to endorse, erase your name by drawing lines through it with a pen.

228. If you discount notes at your bank, which have endorsers, do not waive protest, as the security may be released.

229. When buying drafts always have them made payable to your own order, and then endorse them over to the person you wish to pay.

230. All checks should be made payable "To order." They cannot then be transferred without endorsement, and constitute in themselves the best receipt you can hold for money paid. This is one of the many reasons why you should have a bank account.

231. Nowadays all checks are printed to read "Pay to the order of." If you want currency, simply write "Cash" after "Pay to the order of." This is, in effect, the same as making it payable to bearer.

232. If a discrepancy exists between the amount as written in the body of a check, draft or note, and amount in figures in the margin, the former is held to be the intended amount; but banks

233. No particular form is necessary for a note, but it must contain an order to pay or promise to pay.

234. The cancelled note you receive should never be destroyed—tear the signature through the middle and destroy the torn off piece. It isn't of any value then to anybody but yourself, and there may come a time when you will need it as a voucher.

235. INDORSING CHECKS.—If you wish to make a draft or check payable to another, write on the back, about three inches

from the upper, or left-hand end, "Pay to order of," and the name of the party to whom you wish to send or give it, and then your own signature, just as it appears on the face.

236. STOPPING PAYMENT OF CHECKS.—If you desire to stop the payment of a check that you have given, notify your bank at once—lose no time—and give the bank full particulars. You cannot stop payment of a check that has been "Certified."

237. NOTES ENDORSED OVER TO YOU.—If you receive a note made payable to another and endorsed over to you, be careful to notice whether any payments have been indorsed on it—a note is only worth its face less the payments made on it.

238. FORMS OF BUSINESS PAPER.—The forms of paper used in the ordinary course of business follow. The general farmer doesn't have a great variety of business paper to handle, yet the following may be useful for reference.

239. RECEIPT TO APPLY ON ACCOUNT.—

\$200.75	Hudson, Ohio, July 12, 1900.
Received of.....W. H. Brown.....	
Two Hundred & 75-100.....Dollars.	
to apply on account.	
W. I. CHAMBERLAIN.	

240. RECEIPT IN FULL OF ACCOUNT.—

\$36.20	Chicago, Ill., March 3, 1901.
Received of.....John Johnson.....	
Thirty-Six & 20-100.....Dollars.	
in full of account to date.	
LANDERS PUBLISHING CO.	

241. RECEIPT FOR PAYMENT ON NOTE.—

\$100.00	Standish, Mich., Jan. 6, 1901.
Received of.....E. H. Mohr.....	
One Hundred.....Dollars,	
as a partial payment on his note under date Oct. 13, 1899,	
for Five Hundred Dollars, payable to me.	
JOHN LIVINGSTON.	

242. DUE BILL.—

\$12.00	Columbus Grove, Ohio, June 8, 1900.
Due.....	Ed Wise.....
Twelve	Dollars,
on demand.	
	JOHN FOX.

243. ORDINARY PROMISSORY NOTE.—

\$500.00	Newark, Ohio, May 16, 1901.
Sixty days after date, I promise to pay Frederick	
Weise or order.....	Five Hundred.....Dollars,
value received, with interest. Payable at First National	
Bank.	
	JOHN FOX.

244. JOINT NOTE.—

\$200 00	Osborn, Ohio, August 10, 1900.
Ninety days after date, we promise to pay John M.	
Jamison or order.....	Two Hundred.....Dollars,
value received, with interest, at First National Bank.	
	HENRY BERGH.
	EDWARD TAYLOR.

245. BANK NOTE.—

\$300.00	Lima, Ohio, April 10, 1900.
Ninety days after date I promise to pay W. E.	
Harding, cashier, or order....	Three Hundred....Dollars,
value received, with interest. Payable at Farmers' Na-	
tional Bank.	
	JACOB ASH.
Endorsed on back by Frederick Williams, A. H. Wells.	

TO MEASURE CORN.

246. ON COB.—Two heaping bushels of corn on the cob will make one struck bushel of shelled corn. Some claim that one and one-half bushels of ear will make one bushel of shelled corn. Much will depend upon the kind of corn, shape of the ear, size of the cob, etc.

HOW TO KEEP FARM ACCOUNTS.

247. IN CRIB.—To measure corn in a crib, multiply the length of the crib in inches by the width in inches, and that by the height of the corn in the crib in inches, and divide the product by 2,718, and the quotient will be the number of heaped bushels of ears. If the crib flares at the sides, measure the width at the top and also at the bottom, add the two sums together, and divide by 2, which will give the mean width.

248. CORN SHRINKAGE.—Corn will shrink from the time it is husked in the autumn, in well-protected cribs, from 20 to 30 per cent. by spring. That is, 100 bushels will shrink to 70 or 80, according to how dry it was when cribbed.

GRAIN IN BINS.

249. TO MEASURE GRAIN IN BINS. Multiply the length of the bin in inches by the width in inches, and that by the height in inches, and divide by 2,150 for struck bushels, and by 2,718 for heaped bushels. The quotient will be the number of bushels contained in the bin.

250. Agricultural reports estimate that new wheat shrinks 6 per cent. in six months. Hence, 94 cents in August is equal to \$1.00 in February.

MEASUREMENT OF HAY.

251. The only exact method of measuring hay is to weigh it, but the rules given below will be found sufficiently exact when taking the inventory.

252. TO FIND THE NUMBER OF TONS OF MEADOW HAY IN WINDROWS.—Multiply together the length, breadth and height, in yards, and divide the product by 25. The quotient will be the number of tons in the windrow.

253. TO FIND THE NUMBER OF TONS OF HAY IN A MOW. Multiply together the length, height and width, in yards, and divide by 15, if the hay be well packed. If the mow be shallow, and the hay recently placed therein, divide by 18, and by any number from 15 to 18, according as the hay is well packed.

254. TO FIND THE NUMBER OF TONS OF HAY IN SQUARE OR LONG STACKS. Multiply the length of the base in yards by half the width in yards, and that by half the height in yards, and divide by 15.

255. TO FIND THE NUMBER OF TONS OF HAY IN A LOAD.—Multiply together the length, width and height, in yards, and divide the product by 20.

256. TO MEASURE HAY IN STACK.—The area of the base multiplied by the perpendicular height to eaves, plus one-third the perpendicular height from eaves to crest, will give the number of cubic feet in a stack the sides of which are perpendicular to a greater or less height. If the stack slopes uniformly from base to crest, then multiply the area of the base by one-third of the perpendicular height. To find the area of the base, divide the distance around it by 3.1416, take one-half of the result and square it, then multiply by 3.1416. The number of cubic feet necessary for a ton of good, well-settled hay is about 450.

257. ANOTHER METHOD.—Measure the stack for length, width and the "over." To get the "over," throw a tape-line over the stack at an average place from ground to ground, drawing it tightly. Multiply the width by the "over," and divide the result by 4; multiply the result of the division by the length for approximate cubical contents of the stack. To reduce to tons for hay that has stood in stack for less than twenty days, divide cubical contents by 512; for more than twenty days and less than sixty days, divide cubical contents by 422; for more than sixty days, divide by 380.

258. TO FIND THE VALUE OF PRODUCTS SOLD BY THE TON AT A GIVEN PRICE.—To ascertain the value of a given number of pounds of hay, straw or other commodity sold at a given price per ton, multiply the number of pounds by one-half the price per ton, and point off three figures from the right. The result will be the price of the article.

MEASUREMENT OF WOOD.

259. A cord of wood contains 128 cubic feet. To ascertain how many cords there are in a pile of wood, multiply the length by the height, and that by the width, and divide the product by 128.

HOW TO KEEP FARM ACCOUNTS.

260. SIX PER CENT. INTEREST TABLE.—

Time	\$1	\$2	\$3	\$4	\$5	\$6	\$10	\$20	\$50	\$100	\$1000
Days											
1	0	0	0	0	0	0	0	0	1	2	17
"	2	0	0	0	0	0	0	1	2	3	38
"	3	0	0	0	0	0	1	1	3	5	50
"	4	0	0	0	0	0	1	1	3	7	67
"	5	0	0	0	0	0	1	1	2	4	83
"	6	0	0	0	0	1	1	1	2	5	1 00
"	7	0	0	0	0	1	1	1	2	6	1 17
"	8	0	0	0	1	1	1	1	3	7	1 33
"	9	0	0	0	1	1	1	2	3	8	1 50
"	10	0	0	1	1	1	1	2	3	8	1 67
"	15	0	1	1	1	1	2	3	5	13	2 50
"	20	0	1	1	1	2	2	3	7	17	3 33
"	25	0	1	1	2	2	2	4	8	21	4 17
"	30	1	1	2	2	3	3	5	10	25	5 00
"	33	1	1	2	2	3	3	6	11	28	5 50
"	63	1	2	3	4	5	6	11	21	53	10 50
"	93	2	3	5	6	8	9	16	31	78	15 50
Months											
1	1	1	2	2	3	3	5	10	25	50	5 00
"	2	1	2	3	4	5	6	10	20	50	10 00
"	3	2	3	5	6	8	9	15	30	75	15 00
"	4	2	4	6	8	10	12	20	40	1 00	20 00
"	5	3	5	8	10	13	15	25	50	1 25	25 00
"	6	3	6	9	12	15	18	30	60	1 50	30 00
"	7	4	7	11	14	18	21	35	70	1 75	35 00
"	8	4	8	12	18	20	24	40	80	2 00	40 00
"	9	5	9	14	18	23	27	45	90	2 25	45 00
"	10	5	10	15	20	25	30	50	1 00	2 50	50 00
"	11	6	11	17	22	28	33	55	1 10	2 75	55 00
"	12	6	12	18	24	30	36	60	1 20	3 00	60 00

261. INTEREST TABLE.—

The following will be found convenient in the absence of extended interest tables:

To find the interest on a given sum, for any number of days, at any rate of interest.

At 5 per cent., multiply the principal by the number of days and divide by 72	
At 6 " " " " " " " " " "	60.
At 7 " " " " " " " " " "	52.
At 8 " " " " " " " " " "	45.
At 10 " " " " " " " " " "	40.
At 12 " " " " " " " " " "	35.

GESTATION TABLE.

262. A table showing the period of gestation, or, when colts, calves, lambs and pigs may be expected, the date of service being known.

Time of Service	Mares 340 Days	Cows 283 Days	Ewes 150 Days	Sows 112 Days
January 1	December 6	October 10	May 30	April 22
" 2	" 11	" 15	June 4	" 27
" 11	" 16	" 20	" 9	May 2
" 16	" 21	" 25	" 14	" 7
" 21	" 26	" 30	" 19	" 12
" 26	" 31	November 4	" 24	" 17
" 31	January 5	" 9	" 29	" 22
February 5	" 10	" 14	July 4	" 27
" 10	" 15	" 19	" 9	June 1
" 15	" 20	" 24	" 14	" 6
" 20	" 25	" 29	" 19	" 11
" 25	" 30	December 4	" 24	" 16
March 2	February 4	" 9	" 29	" 21
" 7	" 9	" 14	August 3	" 26
" 12	" 14	" 19	" 8	July 1
" 17	" 19	" 24	" 13	" 6
" 22	" 24	" 29	" 18	" 11
" 27	March 1	January 3	" 23	" 16
April 1	" 6	" 8	" 28	" 21
" 6	" 11	" 13	September 2	" 26
" 11	" 16	" 18	" 7	" 31
" 16	" 21	" 23	" 12	August 5
" 21	" 26	" 28	" 17	" 10
" 26	" 31	February 2	" 22	" 15
May 1	April 5	" 7	" 27	" 20
" 6	" 10	" 12	October 2	" 25
" 11	" 15	" 17	" 7	" 30
" 16	" 20	" 22	" 12	September 4
" 21	" 25	" 27	" 17	" 9
" 26	" 30	March 4	" 22	" 14
" 31	May 5	" 9	" 27	" 19
June 5	" 10	" 14	November 1	" 24
" 10	" 15	" 19	" 6	" 29
" 15	" 20	" 24	" 11	October 4
" 20	" 25	" 29	" 16	" 9
" 25	" 30	April 3	" 21	" 14
" 30	June 4	" 8	" 26	" 19
July 5	" 9	" 13	December 1	" 24
" 10	" 14	" 18	" 6	" 29
" 15	" 19	" 23	" 11	November 3
" 20	" 24	" 28	" 16	" 8
" 25	" 29	May 3	" 21	" 13
" 30	July 9	" 8	" 26	" 18
August 4	" 14	" 13	" 31	" 23
" 9	" 19	" 18	January 5	" 28
" 14	" 24	" 23	" 10	December 3
" 19	" 29	" 28	" 15	" 8
" 24	August 3	June 2	" 20	" 13
" 29	" 8	" 7	" 25	" 18
September 3	" 13	" 12	" 30	" 23
" 8	" 18	" 17	February 4	" 28
" 13	" 23	" 22	" 9	January 2
" 18	" 28	" 27	" 14	" 7
" 23	September 2	July 2	" 19	" 12
" 28	" 7	" 7	" 24	" 17
October 3	" 12	" 12	March 1	" 22
" 8	" 17	" 17	" 6	" 27
" 13	" 22	" 22	" 11	February 1
" 18	" 27	" 27	" 16	" 6
" 23	October 2	August 1	" 21	" 11
" 28	" 7	" 6	" 26	" 16
November 2	" 12	" 11	" 31	" 21
" 7	" 17	" 16	April 5	" 26
" 12	" 22	" 21	" 10	March 3
" 17	" 27	" 26	" 15	" 8
" 22	" 31	" 30	" 20	" 13
" 27	November 1	September 5	" 25	" 18
December 2	" 6	" 10	" 30	" 23
" 7	" 11	" 15	May 5	" 28
" 12	" 16	" 20	" 10	April 2
" 17	" 21	" 25	" 15	" 7
" 22	" 26	" 30	" 20	" 12
" 27	December 1	October 5	" 25	" 17
" 31	" 5	" 9	" 29	" 21

The first column gives date of service. On the same line, under the different columns headed Mares, Cows, etc., is given the date the progeny may be expected from such service.

263. WEIGHTS AND MEASURES. —

Avoirdupois or Commercial Weight.

16 drams.....	1 ounce
16 ounces.....	1 pound
25 pounds.....	1 quarter
4 quarters or 100 pounds.....	1 hundredweight
20 hundredweight or 2000 lbs.....	1 ton

Troy or Jewelers' Weight.

24 grains.....	1 pennyweight
20 pennyweights.....	1 ounce
12 ounces.....	1 pound

Apothecaries' Weight.

20 grains.....	1 scruple
3 scruples.....	1 dram
8 drams.....	1 ounce
12 ounces.....	1 pound

Dry Measure.

2 pints.....	1 quart
8 quarts.....	1 peck
4 pecks.....	1 bushel
8 bushels (480 pounds).....	1 quarter
36 bushels.....	1 chaldron

Liquid Measure.

4 gills.....	1 pint
2 pints.....	1 quart
4 quarts.....	1 gallon
31½ gallons.....	1 barrel
2 barrels, or 63 gallons.....	1 hogs-head

Apothecaries' Fluid Measure.

60 minims.....	1 fluid dram
8 fluid drams.....	1 fluid ounce
16 fluid ounces.....	1 pint
8 pints.....	1 gallon

Line or Linear Measure

12 inches.....	1 foot
3 feet.....	1 yard
5½ yards or 16½ feet.....	1 rod or pole
40 rods.....	1 furlong
8 furlongs.....	1 mile (statute mile)
3 miles.....	1 league

Surveyors' or Chain Measure.

792 inches.....	1 link
25 links.....	1 rod or pole
4 rods or 66 feet.....	1 chain
80 chains.....	1 mile

Square or Surface Measure

144 square inches.....	1 square foot
9 square feet.....	1 square yard
30¼ square yards.....	1 square rod or perch
160 square rods.....	1 acre
640 acres.....	1 square mile or section

Surveyor's Square Measure

625 square links.....	1 square rod or pole
16 poles.....	1 square chain
10 square chains.....	1 acre
640 acres.....	1 square mile or section
36 square miles (6 miles square).....	1 township

Solid or Cubic Measure

1728 cubic inches.....	1 cubic foot
27 cubic feet.....	1 cubic yard
16 cubic feet.....	1 cord foot
8 cord feet or 128 cubic feet.....	1 cord of wood
24¾ cubic feet.....	1 perch

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